40TH ANNIVERSARY

SEPTEMBER

30,2025

TOWN OF TROPHY CLUB

ANNUAL COMPREHENSIVE FINANCIAL REPORT

PREPARED BY
FINANCE DEPARTMENT

Town of Trophy Club, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2025

Prepared by Town of Trophy Club Finance Department

TOWN OF
TROPHY CLUB

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TOWN OF
TROPHY CLUB

Introductory Section (Unaudited)

TOWN OF
TROPHY CLUB

TOWN OF
TROPHY CLUB

Town of Trophy Club
1 Trophy Wood Drive
Trophy Club, TX 76262
Phone (682) 237-2900
Fax (682) 237-2996

March 9, 2026

To the Honorable Mayor,
Members of the Town Council, and
Citizens of the Town of Trophy Club, Texas

The Finance Department of the Town of Trophy Club has prepared the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2025, in accordance with Generally Accepted Accounting Principles (GAAP). The financial statements have been audited by an independent firm of certified public accountants in accordance with Generally Accepted Auditing Standards (GAAS). We are pleased to present this report for your review.

This report reflects management's representations concerning the Town's financial position and results of operations. Management assumes full responsibility for the accuracy, completeness, and integrity of the information presented. To fulfill this responsibility, the Town maintains a comprehensive framework of internal controls designed to safeguard assets, ensure compliance with applicable laws and regulations, and provide reasonable assurance that financial records are reliable and financial statements are fairly presented in conformity with GAAP.

Because the cost of internal controls should not exceed their anticipated benefits, the Town's internal control system is designed to provide reasonable—not absolute—assurance that the financial statements are free from material misstatement. Based on our evaluation, management believes the Town's internal control structure is adequate to meet these objectives.

In accordance with the Town Charter, the Town's financial statements have been audited by Forvis Mazars, LLP, Certified Public Accountants. The purpose of the independent audit is to provide reasonable assurance that the Town's financial statements are presented fairly, in all material respects, in conformity with GAAP. The audit included examining evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used, evaluating significant estimates made by management, and reviewing overall financial statement presentation. The independent auditor has issued an unmodified opinion on the Town's financial statements for the fiscal year ended September 30, 2025. The auditor's report is included in the Financial Section of this ACFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A immediately follows the independent auditor's report.

Profile of the Town

Founded in 1985 as Texas' first master-planned community, the Town of Trophy Club encompasses approximately four square miles in North Central Texas. The Town serves an estimated population of approximately 13,800 residents and continues to maintain a strong residential tax base and high quality of life.

Trophy Club has operated as a Home Rule municipality under the council-manager form of government since 2004. The Town Council, consisting of the Mayor and six Council Members elected at-large by place, serves as the legislative and policy-making body. Council Members serve three-year staggered terms and are limited to six consecutive years in full elected terms. The Town Manager is appointed by the Council and is responsible for administering daily operations and implementing Council policies. The Town provides a full range of municipal services, including public safety, street maintenance, parks and recreation, planning and zoning, code enforcement, general government services, and drainage utility operations. Water and wastewater services are provided by Trophy Club Municipal Utility District No 1.

Local Economy

Strategically located between DFW International Airport and Alliance Airport along the Highway 114 corridor, Trophy Club continues to benefit from strong regional economic activity and direct access to major employment centers. The Town has taken deliberate and strategic steps to position itself for a prosperous future within the dynamic DFW and Alliance corridor. Over the past decade, more than 452 building permits have been issued for high-end residential homes, reflecting measured growth and sustained demand for quality development.

In fiscal year 2025 alone, the Town approved 38 new residential building permits with a total valuation of $36,126,883.84. Additionally, 13 commercial projects were approved with a combined valuation of $82,811,669.95 (new high school stadium and major high school remodel/addition), along with 19 residential remodel and improvement projects totaling $1,953,077.05. These investments underscore continued reinvestment in the community and confidence in the local market.

The Town's taxable assessed valuation remained robust in FY 2025, exceeding $3 billion in net taxable value, reflecting sustained property values and carefully managed residential growth. Continued commercial activity along the Highway 114 corridor further strengthens the Town's sales tax base and reinforces long-term financial stability. Trophy Club benefits not only from businesses expanding and establishing operations within the community, but also from professionals choosing to relocate to the area, enhancing the local workforce and contributing to a vibrant and resilient economy.

North Texas remains economically diverse, supported by the logistics, professional services, manufacturing, healthcare, and technology sectors. The region's comparatively low unemployment rate further contributes to the Town's stable and resilient financial environment.

Long-Term Financial Planning
The Town remains committed to prudent financial management and strategic long-term planning. The adopted Debt Financing Plan and Tax Rate Goal Policy continue to guide capital financing decisions through FY 2040, while maintaining a maximum debt service tax rate goal of $0.105 per $100 of taxable valuation.

In 2025, the Town proactively refunded the Public Improvement District (PID) debt, resulting in average annual debt service savings of approximately $276,283 for PID residents over the remaining life of the bonds and shortening the bond term by one year. This action reflects the Town's continued focus on reducing long-term costs and maximizing value for taxpayers.

Additionally, during the fiscal year, the Town issued $7,880,000 in Certificates of Obligation to support critical infrastructure investments. Proceeds will fund street improvements, including pavement reconstruction, curbs, gutters, and associated drainage enhancements; sidewalk improvements to enhance pedestrian connectivity and safety; and the remodel of the Parks and Streets Shop to improve operational efficiency and working conditions for Town staff.

The Town's Capital Improvement Plan (CIP) continues to serve as a multi-year planning tool to prioritize infrastructure investments, including streets, parks, drainage, and public safety facilities. Ongoing evaluation of capital needs, debt service requirements, fund balance levels, and long-term maintenance obligations ensures infrastructure is maintained in alignment with community expectations and the Town's financial capacity, supporting sustainable service delivery.

Budgeting Process
The Town utilizes a program-based budgeting approach designed to align financial resources with strategic priorities. Revenue projections are developed collaboratively between departments and the Finance Department and are refined throughout the budget process based on updated economic data and trend analysis.

Requests for new programs or expenditures beyond baseline service levels are required to be submitted as separate supplemental requests for formal evaluation. This approach ensures transparency and allows leadership to assess each proposal based on strategic alignment, operational impact, and available funding capacity. Capital expenditures are prioritized using a comprehensive replacement schedule, condition assessments, identified service needs, and available resources to ensure the Town's assets are maintained and enhanced in a fiscally sustainable manner.

Revenue Projections
Revenue forecasting for the upcoming fiscal year begins early in the current fiscal year. Departments responsible for generating revenue work collaboratively with the Finance Department to develop projections based on historical trends, economic indicators, consultations with state and local agencies, and insight from staff directly involved in revenue collection and administration. While initial projections are prepared early in the budget cycle, estimates are continuously evaluated and refined throughout the process as updated data and economic conditions become available.

Proposed Budget Analysis and Compilation
The Finance Department prepares a preliminary departmental budget for review by the Budget Team, consisting of the Town Manager and Director of Finance. Department Directors participate in detailed budget discussions and are required to justify operational needs, staffing levels, and supplemental requests.

Using revenue projections and baseline funding requirements as guiding parameters, adjustments are made based on operational necessity and strategic priority. Recommended funding levels are aligned with available financial resources to ensure a structurally balanced budget and efficient service delivery.

Proposed Budget Development
The Town Manager prepares and submits the proposed annual budget to the Town Secretary for the upcoming fiscal year. The proposed budget is developed to ensure that, within each fund, operating revenues and available resources meet or exceed projected expenditures. The Town Manager's budget message outlines major funding drivers, program changes, capital investments, and policy considerations, providing strategic context for Council deliberation.

Town Council Budget Review
From May through budget adoption, the Town Council conducts comprehensive reviews of each fund, including supporting schedules, capital replacement plans, and the five-year Capital Improvement Program (CIP). This process allows Council Members to evaluate priorities, provide policy direction, and ensure alignment with community goals prior to formal budget consideration.

Capital Improvement Program
Pursuant to Section 9.08 of the Town Charter, the Town Manager annually submits a five-year Capital Improvement Plan to the Council no later than August 1. The CIP is reviewed, updated, and extended each year to reflect current infrastructure needs, ongoing projects, and future capital investments. This rolling five-year plan supports long-term infrastructure planning and ensures capital projects are aligned with the Town's strategic objectives and financial capacity.

Public Hearing and Budget Adoption
Public hearings on the proposed budget and tax rate, if applicable, are conducted in August and September to provide citizens with the opportunity for formal input. Residents may also attend Town Council budget work sessions held throughout the review process. Following deliberation and public comment, the Town Council adopts the annual budget and establishes the tax rate by September. In accordance with the Town Charter, if a new budget is not adopted prior to September 30, the prior fiscal year's budget remains in effect on a month-to-month basis until adoption occurs.

Budget Implementation and Monitoring
Following adoption, the final budget document is compiled and published early in the new fiscal year. Ledger accounts are established prior to October 1 to ensure accurate financial tracking. Budget oversight is an ongoing process conducted jointly by departments and the Finance Department. Monthly expenditure reviews are performed to maintain spending controls and monitor performance against adopted appropriations. Departments provide updated revenue and expenditure estimates during the fiscal year to support proactive financial management.

Program goals, objectives, and performance measures are continuously evaluated during implementation to assess effectiveness and inform funding decisions in future budget cycles. This disciplined approach ensures accountability, operational efficiency, and long-term financial sustainability.

Relevant Financial Policies

The Town maintains a comprehensive Investment Policy in full compliance with the Public Funds Investment Act (Chapter 2256, Texas Government Code). The policy is reviewed and approved annually by the Town Council to ensure continued compliance with state law and alignment with current market conditions and best practices. It guides the Town's investment activities with a primary emphasis on safety of principal, adequate liquidity to meet operational needs, and optimization of yield within statutory constraints.

The Financial Reserves Policy establishes fund balance targets, including a minimum unassigned General Fund balance of 30 percent of annual operating expenditures, strengthening the Town's long-term financial stability. The Town's target General Fund balance unassigned reserves for budgetary and planning purposes is set as 45 percent of annual operating expenditures.

The Town's purchasing, travel, and financial management policies are periodically reviewed and updated to ensure alignment with best practices, regulatory requirements, and evolving operational needs. In 2025, the Travel and Training Policy was revised to enhance clarity, strengthen oversight, and reinforce fiscal accountability. The Purchasing Policy is currently under comprehensive review, with updates anticipated to be finalized and implemented in 2026.

Major Initiatives

The Town Council continues to implement the 2025–2030 Strategic Plan, aligning departmental work plans and budget decisions with long-term priorities. Key focus areas include infrastructure investment, financial sustainability, economic vitality, and service excellence.

Economic development efforts, in partnership with the Economic Development Corporation (EDC), continue to support local business growth and corridor development. Long-range land use planning initiatives, including ongoing implementation of the 114 Corridor Small Area Plan, provide a framework for thoughtful and sustainable commercial development.

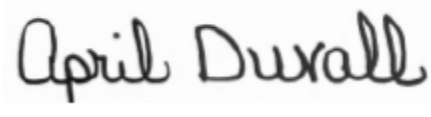
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded the Town of Trophy Club the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2024. This distinction represents the Town's 15th consecutive year receiving this prestigious award. We believe the fiscal year 2025 ACFR continues to meet the program's rigorous standards and will be submitted to the GFOA for consideration.

Preparation of this report reflects the professionalism and dedication of the Finance Department staff. We extend our sincere appreciation to Forvis Mazars, LLP for their audit services and professional guidance.

Finally, we thank the Mayor and Town Council members for their steadfast commitment to excellence in financial stewardship. Their policy direction and support are instrumental in maintaining the Town's strong financial position.

Repectively submitted,



Brandon Wright
Town Manager

April Duvall
Director of Finance

TOWN OF
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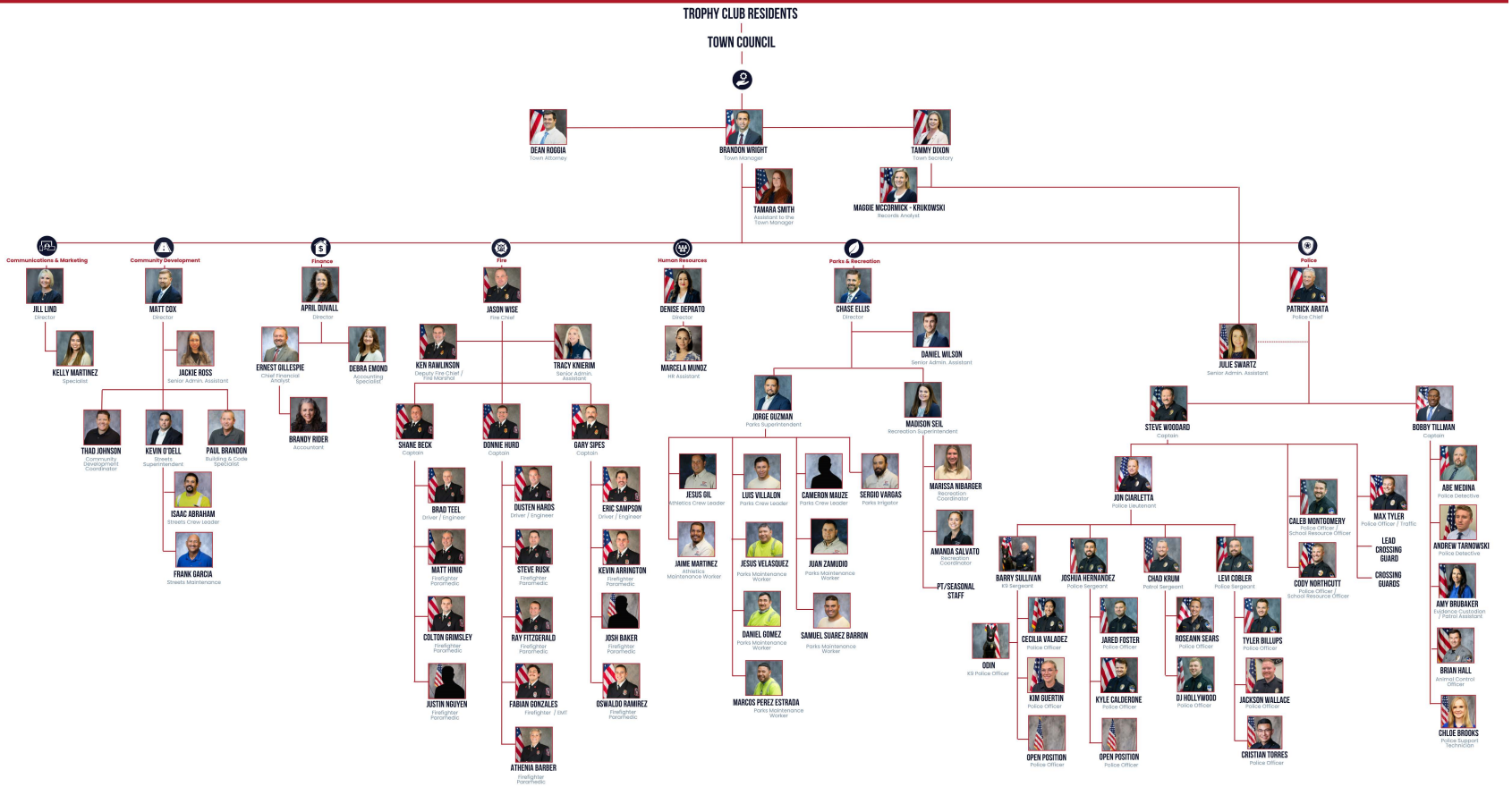

TOWN OF
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TOWN COUNCIL

JEANNETTE TIFFANY
Mayor

RHYLAN ROWE
Mayor Pro Tem and Place 4

STACEY BAUER
Place 1

JEFF BEACH
Place 2

DENNIS SHERIDAN
Place 3

GARRY ASH
Place 5

STEVE FLYNN
Place 6

TOWN MANAGER'S OFFICE

BRANDON WRIGHT
Town Manager

DEAN ROGGIA
Town Attorney

TAMMY DIXON
Town Secretary

TAMARA SMITH
Assistant Town Manager

MAGGIE MCCORMICK - KRUKOWSKI
Records Analyst

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TOWN OF
TROPHY CLUB

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Trophy Club
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morrill

Executive Director/CEO

TOWN OF
TROPHY CLUB

Financial Section

TOWN OF
TROPHY CLUB

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Independent Auditor's Report

The Honorable Mayor and Members of the Town Council
Town of Trophy Club, Texas
Trophy Club, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Trophy Club, Texas (Town), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a

substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

Dallas, Texas
March 9, 2026

TOWN OF
TROPHY CLUB

As management of the Town of Trophy Club, Texas (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $75,990,235 (net position). The unrestricted net position, which represents the amounts available to meet the Town's ongoing obligations to citizens and creditors, was $23,708,644.
- The Town's total net position increased $6,629,678 primarily because of increases in property tax valuations and increased investment earnings.
- At the close of the current fiscal year, the Town's governmental funds reported combined fund balances of $32,350,073, a decrease of $529,850 in comparison with the prior year. Of this amount, $12,423,004, or 38%, is available for spending at the government's discretion (unassigned fund balance). The decrease in combined fund balance is primarily due to increased capital project expenditures, which were partially offset by an increase in property tax valuations and sales tax revenues.
- At the end of the current fiscal year, unrestricted fund balance for the general fund was $12,423,004, or approximately 78% of total general fund expenditures.
- At the close of the current fiscal year, the Town's enterprise funds reported combined net position balances of $5,359,399, an increase of $1,276,534 in comparison with the prior year. The increase is due primarily to operations and capital contributions from the Town's governmental activities.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview.

The statement of net position presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between the four is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors, such as the Town's property tax base and the condition of the Town's infrastructure, need to be considered in order to assess the overall health of the Town.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, police, emergency medical services, community development, parks and recreation, streets, court, council, and administration. Normally, these operations are financed by property taxes, sales taxes, and franchise fees. The business-type activities of the Town include Trophy Club Park and Storm Drainage Utility operations.

The government-wide financial statements include not only the Town itself (known as the primary government), but also the legally separate component unit, Economic Development Corporation, which the Town is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the PID No. 1, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds

The Town's proprietary funds are all enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its Trophy Club Park and Storm Drainage Utility operations. All activities associated with providing such services are accounted for in these funds, including salaries and benefits, supplies and materials, repairs and maintenance, utilities, and other operating expenses. The Town's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Trophy Club Park and Storm Drainage Utility. The Storm Drainage Utility is considered to be a major fund of the Town.

Component Unit

The Town maintains the accounting and financial statements for one discretely presented component unit, the Economic Development Corporation, which is displayed separately on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund and Public Improvement District No. 1 fund. In addition, it includes information concerning the Town's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions and OPEB.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $75,990,235, at the close of the most recent fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Current and other assets	$ 46,861,814	$ 52,606,227	$ 2,758,998	$ 2,324,511	$ 49,620,812	$ 54,930,738
Capital and lease assets, net	61,182,014	61,110,085	2,641,736	1,781,537	63,823,750	62,891,622
Total assets	108,043,828	113,716,312	5,400,734	4,106,048	113,444,562	117,822,360
Deferred outflows of resources	2,549,542	3,424,636	-	-	2,549,542	3,424,636
Other liabilities	1,833,212	4,665,060	41,335	23,183	1,874,547	4,688,243
Long-term liabilities	37,556,098	46,812,277	-	-	37,556,098	46,812,277
Total liabilities	39,389,310	51,477,337	41,335	23,183	39,430,645	51,500,520
Deferred inflows of resources	573,224	385,919	-	-	573,224	385,919
Net investment in capital assets	43,056,738	30,100,766	2,671,236	1,781,537	45,727,974	31,882,303
Restricted	6,553,617	9,320,172	-	-	6,553,617	9,320,172
Unrestricted	21,020,481	25,856,754	2,688,163	2,301,328	23,708,644	28,158,082
Total net position	$ 70,630,836	$ 65,277,692	$ 5,359,399	$ 4,082,865	$ 75,990,235	$ 69,360,557

Current and other assets decreased by $5.3 million from the prior year due primarily to decreased cash and investment balances as the Town funded several capital projects during the fiscal year.

Long-term liabilities, which consist of bonds, compensated absences, net pension liability, and other postemployment benefit obligations, decreased by $9.3 million from the previous year for governmental and business-type activities combined. The decrease is primarily due to the refunding of special assessment bonds and the continued scheduled debt service payments.

A portion of the Town's net position, $45,727,974, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, lease assets, and infrastructure), net of accumulated depreciation and amortization and less any related outstanding debt that was used to acquire those assets. The Town uses these capital and lease assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital and lease assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, $6,553,617 represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, the Town's unrestricted net position was a balance of $23,708,644. The Town's overall net position increased $6,629,678, from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Statement of Activities:

The following table provides a summary of the Town's changes in net position.

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Revenues:						
Program revenues:						
Charges for services	$ 5,566,258	$ 4,255,088	$ 639,767	$ 614,423	$ 6,206,025	$ 4,869,511
Operating grants and contributions	18,547	159,362	-	-	18,547	159,362
Capital grants and contributions	-	-	-	-	-	-
Total program revenues	5,584,805	4,414,450	639,767	614,423	6,224,572	5,028,873
General revenues:						
Property taxes	12,588,856	11,858,764	-	-	12,588,856	11,858,764
Sales and mixed beverage taxes	2,912,477	2,630,932	-	-	2,912,477	2,630,932
Franchise and local taxes	1,092,187	1,029,212	-	-	1,092,187	1,029,212
Occupancy tax	955,491	885,378	-	-	955,491	885,378
Grants not restricted to specific programs	3,073,457	-	-	-	3,073,457	-
Other revenues	109,483	721,499	-	150	109,483	721,649
Investment Income	1,776,159	2,095,412	88,339	85,289	1,864,498	2,180,701
Total general revenues	22,508,110	19,221,197	88,339	85,439	22,596,449	19,306,636
Total revenues	28,092,915	23,635,647	728,106	699,862	28,821,021	24,335,509
Expenses:						
General government	786,583	632,029	-	-	786,583	632,029
Manager's office	637,629	486,130	-	-	637,629	486,130
Town secretary	359,901	212,947	-	-	359,901	212,947
Mayor & council	19,339	7,662	-	-	19,339	7,662
Human resources	420,595	357,993	-	-	420,595	357,993
Finance	709,384	617,969	-	-	709,384	617,969
Information services	613,064	598,600	-	-	613,064	598,600
Legal	164,976	138,548	-	-	164,976	138,548
Municipal court	140,206	250,929	-	-	140,206	250,929
Police	4,657,153	4,316,645	-	-	4,657,153	4,316,645
Fire	1,884,731	1,901,264	-	-	1,884,731	1,901,264
Emergency medical services	1,913,738	1,769,995	-	-	1,913,738	1,769,995
Facilities management	1,612,171	1,501,274	-	-	1,612,171	1,501,274
Parks and recreation	3,439,518	3,132,835	-	-	3,439,518	3,132,835
Community development	647,895	606,080	-	-	647,895	606,080
Tourism	514,784	382,094	-	-	514,784	382,094
Public works	2,767,537	2,762,037	-	-	2,767,537	2,762,037
Interest and fiscal charges on long-term debt	500,376	1,406,043	-	-	500,376	1,406,043
Storm Drainage Utility	-	-	299,683	284,437	299,683	284,437
Trophy Club Park	-	-	102,080	135,419	102,080	135,419
Total expenses	21,789,580	21,081,074	401,763	419,856	22,191,343	21,500,930
Increase in net position before transfers	6,303,335	2,554,573	326,343	280,006	6,629,678	2,834,579
Transfers	(950,191)	(142,625)	950,191	142,625	-	-
Change in net position	5,353,144	2,411,948	1,276,534	422,631	6,629,678	2,834,579
Net Position, Beginning	65,277,692	62,865,744	4,082,865	3,660,234	69,360,557	66,525,978
Net Position, Ending	$ 70,630,836	$ 65,277,692	$ 5,359,399	$ 4,082,865	$ 75,990,235	$ 69,360,557

Governmental Activities

For the year ended September 30, 2025, revenues from governmental activities totaled $28.1 million. Property tax, grants and contributions, special assessments and sales tax are the Town's largest general revenue sources. Overall revenue increased $4.5 million or 19% from the prior year. Property taxes remain the largest source of revenue at $12.6 million in the current fiscal year. The rate charged to property tax owners has decreased from the prior year, however, the assessed valuation has risen from approximately $3.1 billion in 2024 to $3.6 billion in the current year. Investment income decreased by $319 thousand or 15% due to the impact of the market and less non-negotiable certificate of deposit balances held throughout the year. Licenses and permits revenues increased by $806 thousand or 226% due to increased development activity and capital projects. Intergovernmental revenue increased by $3.2 million due to recognition of coronavirus state and local fiscal recovery fund revenues. All other revenue sources remained relatively stable when compared to the previous year.

For the year ended September 30, 2025, expenses for governmental activities totaled $21.8 million. This represents an increase of $0.7 million or 3.4% from the prior year. The Town's largest expense category is public safety (police, fire, and emergency medical services), which totaled $8.5 million at year-end and increased $468 thousand from prior year due primarily to workers compensation adjustments, salary increases, and overtime. General Government increased by $155 thousand primarily due to increased salary expenses and professional services. Capital outlay expenditures increased $3.7 million primarily related to the Town's drainage improvement, pickleball courts, and street improvement projects. All other expenses remained relatively consistent when compared to the previous year.

Business-type Activities

Business-type activities are shown comparing operating costs to revenues generated by related services. For the year ended September 30, 2025, charges for services by business-type activities totaled $640 thousand and represents an increase of $25 thousand from prior year. This is mostly due to increased rates. Total business-type activity expenses remained relatively consistent when compared to the previous year. The Storm Drainage Utility increased expenses by $15 thousand for various small equipment purchases and salary increases. The Trophy Club Park decreased their expenses by $33 thousand primarily due to salary savings.

Financial Analysis of the Town's Funds

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information of near- term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Town's Council.

At September 30, 2025, the Town's governmental funds reported combined fund balances of $32.4 million, a decrease of $529.9 thousand, in comparison with the prior year. Approximately 38% of this amount, $12.4 million, constitutes unassigned fund balance, which is available for spending at the Town's discretion. The remainder of the fund balance is either nonspendable, restricted, or committed to indicate that it is: 1) not in spendable form $571 thousand; 2) restricted for particular purposes $19.3 million; or 3) committed for a particular purpose $45 thousand.

Analysis of Individual Funds

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately $12.4 million, while total fund balance increased to $13.0 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 78% of total general fund expenditures, while total fund balance represents 82% of that same amount.

The fund balance of the Town's general fund increased by $175 thousand during the current fiscal year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates and sales tax revenue coming in higher than anticipated, which was partially offset by an increase in salary costs.

The debt service fund had an ending fund balance of $379 thousand at September 30, 2025, an increase of $127 thousand when compared to the previous year. This increase is due to higher property valuations, the impact of the market and realization of higher interest rates. During the year, the fund recorded total principal and interest payments of $2.9 million and property tax revenue of $3.0 million.

The capital projects fund had an ending fund balance of $12.5 million. The capital projects fund increased by $1.8 million when compared to the previous year. The increase was primarily due to recognition of grant income and transfers from the general fund to subsidize ongoing capital projects.

The PID No. 1 fund reflected an ending fund balance of $319 thousand. The fund balance decreased $3.9 million, which is a result of the refunding and early payment of special assessment bonds, which exceeded special assessments revenue and investment income.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the Town's major proprietary fund, the Storm Drainage Utility fund, totaled $4.7 million, an increase of $1,223 thousand from prior year. Unrestricted net position at the close of the fiscal year for the Town's storm drainage utility fund amounted to $2.2 million. Total net investment in capital assets was $2.5 million.

General Fund Budgetary Highlights

Total budgeted revenues of $17,884,407 were less than actual revenues of $18,981,141 resulting in a revenue variance of $1,096,734. The variance was primarily the result of greater than estimated revenues from property tax, sales tax, license and permits, and intergovernmental revenues. Property tax was over budget due to continued increases in assessed valuations. Sales tax was over budget as the Town experiences continued development. License and permit revenue increased primarily due to the overall increase in development and related capital projects during the fiscal year. Intergovernmental revenue increased $667,214, primarily due increases in both the fire assessments related to the Public Improvement District and transfers from the Municipal Utility District. Total budgeted expenditures of $17,616,767 were more than actual expenditures of $15,920,195, resulting in an expenditure variance of $1,696,572. The variance in total expenditures primarily related to police, emergency medical services, community development, and pools departments, which budgeted for capital projects that ultimately did not occur in the current fiscal year.

Capital and Lease Assets

As of the end of the year, the Town's governmental activities funds had invested $61,182,014 in a variety of capital and lease assets and infrastructure, net of accumulated depreciation and amortization. The Town's business-type activities funds had invested $2,641,736 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, storm drainage system, and infrastructure.

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Land	$ 10,487,119	$ 10,487,119	$ -	$ -	$ 10,487,119	$ 10,487,119
Construction in progress	2,618,473	2,197,624	-	-	2,618,473	2,197,624
Buildings	7,307,133	7,693,922	-	-	7,307,133	7,693,922
Improvements other than buildings	27,033,524	29,093,899	149,908	161,194	27,183,432	29,255,093
Machinery and equipment	1,249,812	798,046	11,858	63,554	1,261,670	861,600
Vehicles	1,115,507	1,034,858	-	-	1,115,507	1,034,858
Water system	2,809,946	2,985,821	-	-	2,809,946	2,985,821
Infrastructure	8,537,722	6,758,902	2,479,970	1,556,789	11,017,692	8,315,691
Lease Assets - Equipment	22,778	59,894	-	-	22,778	59,894
Totals	$ 61,182,014	$ 61,110,085	$ 2,641,736	$ 1,781,537	$ 63,823,750	$ 62,891,622

Major capital asset events during the current year include the following:

- Purchase of new vehicles for police and emergency medical services.
- Improvements related to the Inverness Drive drainage system
- Improvements related to the pickleball courts project
- Improvements related to various streets projects
- Improvements related to the community pool project
- Purchase of new equipment for various departments across the Town

More detailed information about the Town's capital and lease assets is presented in Note 4 to the financial statements.

Long-Term Debt

The Town's outstanding general obligation bonds, certificate of obligation bonds, and special assessment bonds, net of all premiums and discounts decreased by $9.5 million for governmental activities. There were no changes from the prior year for long-term debt balances related to the business-type activities.

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
General obligation bonds	$ 4,425,000	$ 5,165,000	$ -	$ -	$ 4,425,000	$ 5,165,000
Certificates of obligation	15,255,000	16,800,000	-	-	15,255,000	16,800,000
Special assessment bonds	12,905,000	18,227,000	-	-	12,905,000	18,227,000
Premiums on bonds	1,212,668	3,093,541	-	-	1,212,668	3,093,541
Leases payable	11,995	49,294	-	-	11,995	49,294
Totals	$ 33,809,663	$ 43,334,835	$ -	$ -	$ 33,809,663	$ 43,334,835

More detailed information about the Town's long-term liabilities is presented in Note 5 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The Town of Trophy Club's land use remains predominantly residential, comprising approximately 90% of the area, with a smaller commercial component making up about 10%. Both residential and commercial development within the Town is largely built out. In fiscal year 2025, the Town issued 38 residential construction permits and 2 new commercial permits. Looking ahead, staff estimates future development will be limited, with projections of 50–60 additional residential permits and 1–2 large commercial permits.

The Town's fiscal year 2026 budget reflects an increase in total property tax revenue of $562,699, or 5.26%, compared to the fiscal year 2025 budget. Of this amount, $50,404 is attributed to new property added to the tax roll.

Key budgeted capital expenditures for fiscal year 2026 include:

- Street improvement projects for Oakmont Drive
- Sidewalk improvements for Skyline Drive and Creekside Drive
- Street light improvements at Bobcat and Parkview
- Streets and parks shop remodel
- Police covered parking for the Town's fleet

General Fund revenues for fiscal year 2026 are budgeted to increase by 7.3% over estimated revenues for fiscal year 2025, while expenditures are projected to rise by 8.0% over fiscal year 2025 estimates. Despite these changes, the fiscal year 2026 budget decreased the ad valorem tax rate from $0.415469 to $0.412864 per $100 of assessed value. The revised tax rate will continue to ensure stability for taxpayers while supporting the Town's strategic initiatives and operational needs.

Contacting the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Trophy Club Director of Finance, 1 Trophy Wood Drive, Trophy Club, Texas, 76262. This information can also be accessed on the Town of Trophy Club's website at www.trophyclub.org.

TOWN OF
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TOWN OF
TROPHY CLUB

Basic Financial Statements

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	$ 30,930,517	$ 2,692,066	$ 33,622,583	$ 2,742,498
Investments	2,067,003	-	2,067,003	-
Taxes receivable, net	736,823	-	736,823	164,133
Special assessments receivable	12,802,418	-	12,802,418	-
Receivables, net	189,751	36,392	226,143	-
Due from other governments	7,505	-	7,505	-
Due from primary government	-	-	-	48,773
Notes receivable	-	-	-	149,250
Prepaid and other assets	1,533	1,040	2,573	-
Lease receivable	126,264	-	126,264	-
Capital assets not being depreciated	13,105,592	29,500	13,135,092	2,538,765
Capital and lease assets, net of accumulated depreciation/amortization	48,076,422	2,641,736	50,718,158	211,949
Total assets	108,043,828	5,400,734	113,444,562	5,855,368
Deferred Outflows of Resources				
Pension related	1,454,505	-	1,454,505	-
OPEB related	19,881	-	19,881	-
Deferred charge on refunding	1,075,156	-	1,075,156	-
Total deferred outflows of resources	2,549,542	-	2,549,542	-
Total assets and deferred outflows of resources	$ 110,593,370	$ 5,400,734	$ 115,994,104	$ 5,855,368

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Corporation
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	$ 1,423,486	$ 41,335	$ 1,464,821	$ -
Accrued liabilities	26,053	-	26,053	-
Unearned revenue	14,775	-	14,775	-
Due to component unit	48,773	-	48,773	-
Accrued interest payable - bonds	320,125	-	320,125	6,018
Noncurrent liabilities:				
Due within one year:				
Bonds payable	2,940,000	-	2,940,000	130,000
Leases payable	7,010	-	7,010	-
Arbitrage payable	30,278	-	30,278	-
Compensated absences	115,333	-	115,333	-
Due in more than one year:				
Bonds payable	30,857,668	-	30,857,668	1,451,789
Leases payable	4,985	-	4,985	-
Arbitrage payable	230,553	-	230,553	-
Compensated absences	368,918	-	368,918	-
Total OPEB liability	307,935	-	307,935	-
Net pension liability	2,693,418	-	2,693,418	-
Total liabilities	39,389,310	41,335	39,430,645	1,587,807
Deferred Inflows of Resources				
Pension related	349,870	-	349,870	-
OPEB related	110,711	-	110,711	-
Lease related	112,643	-	112,643	-
Total deferred inflows of resources	573,224	-	573,224	-
Net Position				
Net investment in capital assets	43,056,738	2,671,236	45,727,974	1,168,925
Restricted:				
Municipal court	108,709	-	108,709	-
Debt service	697,962	-	697,962	102,099
Economic development	-	-	-	2,996,537
Public safety	495,700	-	495,700	-
Street maintenance	669,176	-	669,176	-
Tourism	3,925,090	-	3,925,090	-
Parks	656,980	-	656,980	-
Unrestricted	21,020,481	2,688,163	23,708,644	-
Total net position	70,630,836	5,359,399	75,990,235	4,267,561
Total liabilities, deferred inflows of resources and net position	$ 110,593,370	$ 5,400,734	$ 115,994,104	$ 5,855,368

Town of Trophy Club, Texas
Statement of Activities
Year Ended September 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 786,583	$ 1,325,571	$ 18,547	$ -
Manager's office	637,629	-	-	-
Town secretary	359,901	-	-	-
Mayor & council	19,339	-	-	-
Human resources	420,595	-	-	-
Finance	709,384	-	-	-
Information services	613,064	-	-	-
Legal	164,976	-	-	-
Municipal court	140,206	272,908	-	-
Police	4,657,153	216,111	-	-
Fire	1,884,731	2,023,303	-	-
Emergency medical services	1,913,738	174,444	-	-
Facilities management	1,612,171	-	-	-
Parks and recreation	3,439,518	317,754	-	-
Community development	647,895	2,860	-	-
Tourism	514,784	-	-	-
Sanitation	-	1,224,352	-	-
Public works	2,767,537	8,955	-	-
Interest	500,376	-	-	-
Total governmental activities	21,789,580	5,566,258	18,547	-
Business-type Activities:				
Storm Drainage Utility	299,683	436,016	-	-
Trophy Club Park	102,080	203,751	-	-
Total business-type activities	401,763	639,767	-	-
Total primary government	$ 22,191,343	$ 6,206,025	$ 18,547	$ -
Component Unit				
Economic Development Corporation	346,477	-	-	-
Total component unit	$ 346,477	$ -	$ -	$ -
General Revenues				
Taxes:				
Property taxes				
Sales and mixed beverage taxes				
Franchise and local taxes				
Occupancy taxes				
Grants not restricted to specific programs				
Other revenues				
Investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Corporation
$ 557,535	$ -	$ 557,535	$ -
(637,629)	-	(637,629)	-
(359,901)	-	(359,901)	-
(19,339)	-	(19,339)	-
(420,595)	-	(420,595)	-
(709,384)	-	(709,384)	-
(613,064)	-	(613,064)	-
(164,976)	-	(164,976)	-
132,702	-	132,702	-
(4,441,042)	-	(4,441,042)	-
138,572	-	138,572	-
(1,739,294)	-	(1,739,294)	-
(1,612,171)	-	(1,612,171)	-
(3,121,764)	-	(3,121,764)	-
(645,035)	-	(645,035)	-
(514,784)	-	(514,784)	-
1,224,352	-	1,224,352	-
(2,758,582)	-	(2,758,582)	-
(500,376)	-	(500,376)	-
(16,204,775)	-	(16,204,775)	-
-	136,333	136,333	-
-	101,671	101,671	-
-	238,004	238,004	-
$ (16,204,775)	$ 238,004	$ (15,966,771)	$ -
			(346,477)
			$ (346,477)
12,588,856	-	12,588,856	-
2,912,477	-	2,912,477	959,415
1,092,187	-	1,092,187	-
955,491	-	955,491	-
3,073,457	-	3,073,457	-
109,483	-	109,483	-
1,776,159	88,339	1,864,498	94,335
(950,191)	950,191	-	-
21,557,919	1,038,530	22,596,449	1,053,750
5,353,144	1,276,534	6,629,678	707,273
65,277,692	4,082,865	69,360,557	3,560,288
$ 70,630,836	$ 5,359,399	$ 75,990,235	$ 4,267,561

Town of Trophy Club, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	Capital Projects	PID No 1
Assets				
Cash and cash equivalents	$ 10,663,963	$ 379,332	$ 13,035,221	$ 502,636
Investments	2,067,003	-	-	-
Taxes receivable, net	442,240	14,074	-	-
Special assessment receivable	-	-	-	12,802,418
Accounts receivable, net	189,751	-	-	-
Leases receivable	126,264	-	-	-
Due from other governments	7,505	-	-	-
Prepaid and other assets	1,533	-	-	-
Advances from other funds	569,759	-	-	-
Total assets	$ 14,068,018	$ 393,406	$ 13,035,221	$ 13,305,054
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	$ 834,476	$ 750	$ 567,688	$ -
Accrued liabilities	26,053	-	-	-
Unearned revenue	14,775	-	-	-
Due to component unit	16,256	-	-	-
Advances to other funds	-	-	-	183,256
Total liabilities	891,560	750	567,688	183,256
Deferred Inflows of Resources				
Unavailable revenue - property taxes	44,202	14,074	-	-
Unavailable revenue - special assessments	-	-	-	12,802,418
Unavailable revenue - property liens	25,317	-	-	-
Leases related	112,643	-	-	-
Total deferred inflows of resources	182,162	14,074	-	12,802,418
Fund Balances				
Nonspendable:				
Prepaid items	1,533	-	-	-
Long-term interfund advances	569,759	-	-	-
Restricted for:				
Debt service	-	378,582	-	319,380
Capital projects	-	-	12,467,533	-
Municipal court	-	-	-	-
Public safety	-	-	-	-
Street maintenance	-	-	-	-
Tourism	-	-	-	-
Parks	-	-	-	-
Committed for:				
Recreation programs	-	-	-	-
Unassigned	12,423,004	-	-	-
Total fund balances	12,994,296	378,582	12,467,533	319,380
Total liabilities, deferred inflows of resources and fund balances	$ 14,068,018	$ 393,406	$ 13,035,221	$ 13,305,054

Nonmajor Governmental Funds	Total Governmental Funds
$ 6,349,365	$ 30,930,517
-	2,067,003
280,509	736,823
-	12,802,418
-	189,751
-	126,264
-	7,505
-	1,533
-	569,759
$ 6,629,874	$ 47,431,573
$ 20,572	$ 1,423,486
-	26,053
-	14,775
32,517	48,773
386,503	569,759
439,592	2,082,846
-	58,276
-	12,802,418
-	25,317
-	112,643
-	12,998,654
-	1,533
-	569,759
-	697,962
289,714	12,757,247
108,709	108,709
495,700	495,700
669,176	669,176
3,925,090	3,925,090
656,980	656,980
44,913	44,913
-	12,423,004
6,190,282	32,350,073
$ 6,629,874	$ 47,431,573

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
September 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balance per balance sheet		$ 32,350,073
Capital and lease assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds.		61,182,014
Other long-term assets less related uncollectibles are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the governmental funds.		12,886,011
Accrued interest payable on long-term debt does not require current financial resources and therefore is not reported as a liability in the balance sheet of governmental funds.		(320,125)
Long-term liabilities, including bonds payable, leases payable, net pension liability, and total OPEB liability (and the related deferred inflows and deferred outflows) are not due and payable in the current period and therefore are not reported as liabilities, deferred outflows or deferred inflows in the governmental funds. Long-term liabilities consist of:		
General obligation bonds payable	$ (4,425,000)	
Certificate of obligation bonds payable	(15,255,000)	
Special Assessment Bonds	(12,905,000)	
Deferred charge on refunding	1,075,156	
Unamortized premiums on bonds	(1,212,668)	
Arbitrage payable	(260,831)	
Leases payable	(11,995)	
Net pension liability	(2,693,418)	
Total other postemployment benefit (OPEB) liability	(307,935)	
Deferred outflows of resources – pension	1,454,505	
Deferred outflows of resources – OPEB	19,881	
Deferred inflows of resources – pension	(349,870)	
Deferred inflows of resources – OPEB	(110,711)	
Accrued compensated absences	(484,251)	
		(35,467,137)
Net position of governmental activities		$ 70,630,836

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2025

	General	Debt Service	Capital Projects	PID No 1
Revenues				
Property tax	$ 9,563,710	$ 3,023,688	$ -	$ -
Sales and mixed beverage taxes	1,980,134	-	-	-
Franchise and local taxes	1,092,187	-	-	-
Occupancy tax	-	-	-	-
Special assessments	-	-	-	2,278,454
License and permits	1,162,056	-	-	-
Intergovernmental	2,024,011	-	3,073,457	-
Charges for services	1,685,808	-	-	-
Fines and fees	515,507	-	-	-
Lease revenue	108,420	-	-	-
Interest revenue - leases	10,831	-	-	-
Investment income	768,085	45,668	611,172	179,994
Other revenue	70,392	21	-	-
Total revenues	18,981,141	3,069,377	3,684,629	2,458,448
Expenditures				
Current:				
General government	155,826	-	-	134,112
Manager's office	624,567	-	-	-
Town secretary	330,004	-	-	-
Mayor & council	19,339	-	-	-
Human resources	408,262	-	-	-
Finance	686,435	-	-	-
Information services	579,895	-	-	-
Legal	164,976	-	-	-
Municipal court	140,206	-	-	-
Police	4,158,754	-	-	-
Fire	1,780,130	-	-	-
Emergency medical services	1,718,024	-	32,877	-
Facilities management	1,611,412	-	759	-
Parks and recreation	2,660,035	-	20,696	-
Community development	611,520	-	-	-
Tourism	-	-	-	-
Public works	258,884	-	-	-
Debt service:				
Principal	6,487	2,285,000	-	6,221,298
Interest and fiscal charges	1,211	656,941	-	-
Bond issuance costs	-	-	-	572,222
Capital Outlay	4,228	-	4,491,480	-
Total expenditures	15,920,195	2,941,941	4,545,812	6,927,632
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,060,946	127,436	(861,183)	(4,469,184)
Other Financing Sources (Uses)				
Transfers in	-	-	2,632,446	-
Transfers out	(2,889,576)	-	-	-
Issuance of special assessment revenue bonds	-	-	-	12,905,000
Premium on general obligation bonds issued	-	-	-	411,130
Payment to refunding escrow	-	-	-	(12,730,535)
Sale of general capital assets	3,626	-	-	-
Total other financing sources (uses)	(2,885,950)	-	2,632,446	585,595
Net Change in Fund Balances	174,996	127,436	1,771,263	(3,883,589)
Fund Balances, Beginning of Year	12,819,300	251,146	10,696,270	4,202,969
Fund Balances, End of Year	$ 12,994,296	$ 378,582	$ 12,467,533	$ 319,380

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 12,587,398
932,343	2,912,477
-	1,092,187
955,491	955,491
-	2,278,454
-	1,162,056
-	5,097,468
16,042	1,701,850
62,131	577,638
-	108,420
-	10,831
171,240	1,776,159
39,070	109,483
2,176,317	30,369,912
-	289,938
-	624,567
-	330,004
-	19,339
-	408,262
-	686,435
-	579,895
-	164,976
-	140,206
97,854	4,256,608
-	1,780,130
-	1,750,901
-	1,612,171
15	2,680,746
-	611,520
514,784	514,784
304,267	563,151
30,812	8,543,597
368	658,520
-	572,222
205,303	4,701,011
1,153,403	31,488,983
1,022,914	(1,119,071)
257,130	2,889,576
-	(2,889,576)
-	12,905,000
-	411,130
-	(12,730,535)
-	3,626
257,130	589,221
1,280,044	(529,850)
4,910,238	32,879,923
$ 6,190,282	$ 32,350,073

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balance - total governmental funds		$ (529,850)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeds depreciation and amortization in the current period.		
Capital outlay expenditures	$ 4,701,011	
Depreciation and amortization expense	(3,658,662)	
		1,042,349
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Loss on sale of assets	(20,229)	
Transfer of assets from governmental activities to business-type activities	(950,191)	
		(970,420)
Certain revenues in the government-wide statement of activities that do/(do not) provide current financial resources and (are)/are not reported as revenues in the governmental funds. This amount is the net change in deferred inflows of resources.		(2,276,997)
The issuance of long-term debt (e.g. bond proceeds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of special assessment refunding bonds	(12,905,000)	
Premiums on issuance of special assessment refunding bonds	(411,130)	
Refunding of existing special assessment bonds deferred charge on refunding	(1,497,457)	
Deferred charge on current year special assessment refunding bonds	1,254,348	
Amortization of deferred charge on refunding	(310,981)	
Refunding of existing special assessment bonds premium	2,013,599	
Amortization of bond premium	278,404	
Principal amount of debt paid to bondholders and lessors	20,549,299	
Net change in arbitrage payable	(260,831)	
Net change in accrued interest payable	(21,883)	
		8,688,368
Some expenditures reported in the statement of revenues, expenditures, and changes in fund balances do/(do not) require the use of current financial resources but (are)/are not reported as expenses in the statement of activities. This adjustment is to reflect the net change in accrued compensated absences.		(76,585)
Current year OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in total OPEB liability and related deferred outflows and inflows of resources balances.		3,571
Current year pension expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability and related deferred outflows and inflows of resources balances.		(527,292)
Change in net position of governmental activities		$ 5,353,144

Town of Trophy Club, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Storm Drainage Utility	Nonmajor Fund: Trophy Club Park	Total
Assets			
Current assets			
Cash and cash equivalents	$ 2,181,160	$ 510,906	$ 2,692,066
Accounts receivable, net	36,392	-	36,392
Prepaid items	-	1,040	1,040
Total current assets	2,217,552	511,946	2,729,498
Noncurrent assets			
Capital assets:			
Capital assets not being depreciated	29,500	-	29,500
Net depreciable capital assets	2,479,970	161,766	2,641,736
Total noncurrent assets	2,509,470	161,766	2,671,236
Total assets	4,727,022	673,712	5,400,734
Liabilities			
Current liabilities			
Accounts payable	39,568	1,767	41,335
Total liabilities	39,568	1,767	41,335
Net Position			
Net investment in capital assets	2,509,470	161,766	2,671,236
Unrestricted	2,177,984	510,179	2,688,163
Total net position	$ 4,687,454	$ 671,945	$ 5,359,399

Town of Trophy Club, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2025

	Storm Drainage Utility	Nonmajor Fund: Trophy Club Park	Total
Operating Revenues			
Charges for services	$ 436,016	$ 203,751	$ 639,767
Total operating revenues	436,016	203,751	639,767
Operating Expenses			
Salaries and benefits	102,482	26,125	128,607
Supplies and materials	-	1,985	1,985
Repairs and maintenance	5,344	5,220	10,564
Utilities	3,135	5,974	9,109
Contractual services	112,268	48,848	161,116
Depreciation	76,064	13,928	89,992
Total operating expenses	299,293	102,080	401,373
Operating Income	136,723	101,671	238,394
Nonoperating Revenues (Expenses)			
Capital contribution expense	-	(49,054)	(49,054)
Investment income	87,037	1,302	88,339
Interest expense	(390)	-	(390)
Contribution of capital assets from governmental activities	999,245	-	999,245
Total nonoperating revenues (expenses)	1,085,892	(47,752)	1,038,140
Change in Net Position	1,222,615	53,919	1,276,534
Net Position, Beginning of Year	3,464,839	618,026	4,082,865
Net Position, End of Year	$ 4,687,454	$ 671,945	$ 5,359,399

Town of Trophy Club, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2025

	Business-type Activities		
		Nonmajor Fund	
	Storm Drainage Utility	Trophy Club Park	Total
Cash Flows from Operating Activities			
Receipts from customers and users	$ 438,160	$ 203,751	$ 641,911
Payments to suppliers and service providers	(102,059)	(60,412)	(162,471)
Payments to employees for salaries and benefits	(104,145)	(26,163)	(130,308)
Net cash provided by operating activities	231,956	117,176	349,132
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(29,500)	-	(29,500)
Net cash used in capital and related financing activities	(29,500)	-	(29,500)
Cash Flows from Investing Activities			
Interest on investments	87,037	1,302	88,339
Net cash provided by investing activities	87,037	1,302	88,339
Net Increase in Cash and Cash Equivalents	289,493	118,478	407,971
Cash and Cash Equivalents, Beginning	1,891,667	392,428	2,284,095
Cash and Cash Equivalents, Ending	$ 2,181,160	$ 510,906	$ 2,692,066
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income	$ 136,723	$ 101,671	$ 238,394
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	76,064	13,928	89,992
Changes in operating assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	2,144	-	2,144
Prepaid items	-	840	840
Increase (Decrease) in:			
Accounts payable	18,688	775	19,463
Accrued liabilities	(1,663)	(38)	(1,701)
Net cash provided by operating activities	$ 231,956	$ 117,176	$ 349,132
Noncash transactions			
Capital contributions to governmental activities	$ -	$ 49,054	$ 49,054
Capital contributions from governmental activities	999,245	-	-

Notes to Financial Statements

TOWN OF
TROPHY CLUB

Note 1. Summary of Significant Accounting Policies

The Town of Trophy Club (Town) is a "home rule town" incorporated in 1985. The Town operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and emergency medical services), parks, public works (public improvements, streets, planning, and zoning), and general administrative services.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Town's significant accounting policies are described below.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The Town currently has no fiduciary activities. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from a legally separate component unit for which the primary government is financially accountable.

Financial Reporting Entity

The Town of Trophy Club is a municipal corporation governed by an elected mayor and a six- member council. The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Thus, blended component units are appropriately presented as funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the primary government.

Public Improvement District (PID) No. 1

On May 7, 2007, the Trophy Club Town Council approved Resolution 2007-08 authorizing and providing for the creation of a Public Improvement District. Trophy Club PID No.1 consists of approximately 609.68 acres within the corporate limits of the Town of Trophy Club. This District was created in accordance with Chapter 372 of the Texas Local Government Code. As further discussed in Note 5, the PID issued refunding bonds in May 2025, with the approval of Town Council. The Town Council must review and update the service plan annually for the purpose of determining the annual budget for the PID No. 1. In addition, the PID No. 1 exclusively or almost exclusively benefits the primary government. The PID No. 1 is reported as a major special revenue fund and does not issue separate financial statements.

Tax Increment Reinvestment Zone No. 1 (TIRZ No. 1)

The Tax Increment Reinvestment Zone No. 1 is governed by a board appointed by the Town's Council. The Town can impose its will on the TIRZ No. 1 and affect the day-to-day operations of the TIRZ No. 1 by removing appointed board members at will. The TIRZ No. 1 is funded by revenues generated through tax increment financing. Total debt outstanding is to be paid entirely with resources of the Town. Therefore, per GASB 14 paragraph 32, the primary government has an obligation to provide support to the TIRZ No. 1 (a financial burden). The TIRZ No. 1 is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Crime Control and Prevention District

The Crime Control and Prevention District (CCPD) was formed under Chapter 363 of the Texas Local Government Code, the *Crime Control and Prevention Act*. The CCPD is organized exclusively to act on behalf of the Town to finance crime control within the Town. The CCPD is governed by a seven member board appointed by the Town Council. The annual budget and issuance of debt must be approved by the Town Council. The CCPD provides services entirely, or almost entirely to the primary government. The CCPD is reported as a nonmajor special revenue fund and does not issue separate financial statements.

Discretely Presented Component Unit

Economic Development Corporation

The Economic Development Corporation (EDC) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town can impose its will on the EDC and affect the day-to-day operations of the EDC by removing appointed board members at will. The scope of public service of the EDC benefits the Town and its citizens and is operated within the geographic boundaries of the Town. Since the EDC's governing body is not substantively the same as the governing body of the primary government, does not provide services entirely, or almost entirely to the primary government, nor does it maintain debt of any type that are repaid using Town resources, it has been reported as a discretely presented component unit. Separate financial statements for the EDC component unit are not prepared.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Town's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As discussed earlier, the Town has one discretely presented component unit. It is shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided, and other charges between various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

- **General Fund –** The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- **Debt Service Fund –** The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on long-term debt paid primarily from taxes levied by the Town. The fund balance of the Debt Service Fund is restricted to signify the amounts that are restricted exclusively for debt service expenditures.
- **Capital Projects Fund –** The Capital Projects Fund is used to account for funds received and expended for acquisition and construction of infrastructure and other capital assets.
- **Public Improvement District (PID) No. 1 –** This fund accounts for bond proceeds, assessments and related debt associated with the issuance of bonds issued by the Town for the Public Improvement District.

The Town reports the following major enterprise fund:

- **Storm Drainage Utility Fund –** The storm drainage utility fund accounts for the storm drainage utility fee designated for the maintenance of the Town's storm drainage system.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, and postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) for the general, PID No. 1, hotel occupancy tax, street maintenance sales tax, court technology, court security, recreation programs, park land dedication, crime control and prevention district, and TIRZ No. 1 funds. The capital projects fund is appropriated on a project-length basis. The grants fund does not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The original budget is adopted by the Town Council prior to the beginning of the year. The legal level of control as defined by the Town Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without Town Council approval.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year's budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

Deposits and Investments

The Town's cash and cash equivalents includes cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Because the Town, at its option, can withdraw funds within a twenty-four hour period from TexPool and Texas Class, these investments are considered to be cash equivalents.

State statutes authorize the Town to invest in: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are: (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (B) secured by obligations that are described by (1) – (4); or, (6) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with third party selected or approved by the Town, and placed through a primary government securities dealer. The Town's investments are governed by the same state statutes.

All investments are recorded at fair value based on quoted market prices or amortized cost. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital and Lease Assets

Capital and lease assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital and lease assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

As the Town constructs or acquires capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives or lease term, whichever is shorter:

Buildings	30 Years
Improvements other than buildings	10-30 Years
Improvements other than buildings (streets)	30 Years
Machinery and equipment	7-15 Years
Leased equipment	1 - 5 Years
Vehicles	5-10 Years
Water system	25 Years
Infrastructure (storm drainage system)	40 Years

Lease Receivable

The Town is a lessor of its multiple water towers and recognizes a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has three items that qualify for reporting in this category. The three items are the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to contributions after the measurement date, changes in actuarial assumptions, the difference in expected and actual economic experience, and difference between projected and actual investment earnings.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from: property taxes, special assessments, and property liens. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide financial statements the Town reports deferred amounts related to pension relating to the changes in actuarial assumptions and difference in expected and actual economic experience. In both the government-wide financial statements and governmental funds financial statements, the Town reports deferred amounts related to leases which is comprised of the initial value of the lease receivable systematically reduced and recognized as lease revenue over the term of the lease.

Unearned Revenue

Governmental funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of grant dollars received in advance of incurring eligible expenditures.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures.

In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Lease Liability

The Town is a lessee for noncancellable leases. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The Town recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life or the lease term, whichever is shorter.

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The Town has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital and lease assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, leases, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- Nonspendable fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance represents amounts that can be used only for the specific purposes determined by of the adoption of an ordinance committing fund balance for a specified purpose by the Town's Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- Assigned fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director and town manager to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

As previously mentioned, sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Minimum Fund Balance Policy

The Council has adopted a financial policy to maintain a level of unassigned fund balance in the general fund. The target level is set at six months of general fund annual expenditures (approximately 45%). This amount is intended to provide a fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a "revenue" source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level.

Program Revenues

Amounts reported as program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town.

Property taxes at the fund level are recorded as receivables and unavailable revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Accumulated Vacation, Compensated Time, and Sick Leave

It is the Town's policy to permit employees to accumulate earned, but unused vacation pay benefits. Vacation leave is accrued to the extent that the leave meets all of the following criteria: 1) the Town's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the Town will compensate the employee for the benefits through leave time or other means, such as cash payments. The measurement of the liability for compensated absences was determined by applying the last-in-first-out (LIFO) method for vacation time accumulated. No liability is reported for unpaid accumulated sick leave as those balances are not payable upon separation. All vacation pay is accrued when incurred in the government-wide financial statements.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the storm drainage utility fund is charges to customers for sales and services. The principal operating revenues of the trophy club park fund is charges to customers for access to the park. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Excess of Expenditures over Appropriations

For the year ended September 30, 2025, the Public Improvement District No. 1 exceeded appropriations by $84,881 due to higher administrative expense than originally estimated.

New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences,* supersedes Statement 16, *Accounting for Compensated Absences*, issued in 1992. This standard updates the recognition and measurement guidance for compensated absences by aligning the guidance under a unified model. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation and can be applied consistently to any type of leave. The Town has implemented this Statement in fiscal year 2025, which had no impact on beginnning of year net position.

GASB Statement No. 102, *Certain Risk Disclosures*, supersedes the Statement by the National Council of Governmental Accounting (NCGA) Interpretation 6, *Notes to the Financial Statements Disclosure*, paragraph 5. This Standard establishes financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. For concentrations and constraints meeting the definitions in the Standard, governments will disclose the concentrations or constraints, related events that could have a substantial impact, and action taken to mitigate the risk. The Town has implemented this Statement in fiscal year 2025, which had no impact on the City's financial statements.

Future Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity practice and improve comparability. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of this Statement is to improve disclosures related to certain types of capital assets. The purpose is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement will take effect for the Town's fiscal year 2026. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in the application and better meeting the information needs of financial statement users. The requirements of this Statement will take effect for the Town's fiscal year 2027. Management has not yet determined the impact of this Statement on its financial statements.

Note 2. Cash and Investments

The Town utilizes a pooled cash and investment concept for all its funds, to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

Deposits

At September 30, 2025, the carrying amount of the Town's demand deposits, including its component unit, totaled $21,633,162 and the bank balance was $21,774,391. Cash on hand for the Town was $400 and the carrying amount and bank balance of cash for the Public Improvement District No. 1 was $502,636.

Custodial Credit Risk

In the case of deposits, this is the risk that, in the event of a bank's failure, the Town's deposits may not be returned to it. Pursuant to provisions of both the *Texas Public Funds Investment Act* and the Public Funds Investment Policy of the Town, deposits of the Town that exceed the federal depository insurance coverage levels are materially collateralized with securities held by a third party custodian in the Town's name. Investments, other than investments that are obligations of the U.S. government, its agencies, and instrumentalities, are insured or registered in the Town's name and held by a third party custodian.

Investments

The Town's investment policies are governed by state statutes. The Town's investment policies further limit state statutes such that eligible investments include the following:

1. Obligations, including letters of credit, of the United States, its agencies, and instrumentalities, including the Federal Home Loan Banks.
2. Direct obligations of the State of Texas, its agencies and instrumentalities or obligations of agencies, counties, cities, and other political subdivisions of this State rated as to investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.
4. Certificates of Deposit and other forms of deposit issued by a depository institution that has its main office or a branch office in Texas. The certificate of deposit must be guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor or secured by obligations in a manner and amount as provided by law. In addition, deposits obtained through a depository institution that has its main office or a branch office in Texas and that contractually agrees to place the funds in federally insured depository institutions in accordance with the conditions prescribed in Section 2256. 01 0(b) of the *Public Funds Investment Act* are authorized investments.

   Additionally, funds invested by the Town through a broker that has a main office or branch office in Texas and is selected from a list approved by the Town as required by section 2656.025 of the *Public Funds Investment Act* or a depository institution that has a main office or branch office in Texas and is selected by the Town are authorized investments if the following conditions are met:

   a. the broker or depository institution selected by the Town as specified above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Town;

b. the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
c. the Town appoints a depository bank, or a clearing broker registered with the Securities and Exchange Commission Rule 15c-3 (17CFR, Section 240 15c3-3) as custodian for the Town with respect to the certificates of deposit issued for account to the Town.

5. Fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities. These shall be pledged to the Town of Trophy Club, held in an account in the Town of Trophy Club's name, and deposited at the time the investment is made with the Town of Trophy Club or with a third-party selected and approved by the Town of Trophy Club. Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in Texas. A Master Repurchase Agreement, or similar agreement, must be signed by the bank/dealer prior to investment in a repurchase agreement. All repurchase agreement transactions will be on a delivery versus payment basis. Securities received for repurchase agreements must have a market value greater than or equal to 102 percent at the time funds are disbursed. (This section pertains to Sweep Accounts and/or Bond Proceeds)
6. No-Load Money Market Mutual funds that: 1) are registered and regulated by the Securities and Exchange Commission and provide a prospectus and other information required by the *Securities and Exchange Act of 1934* (15 U.S.C. Section 78a) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1), and 2) seek to maintain a stable net asset value of $1.0000 per share.
7. Local government investment pools, which: 1) meet the requirements of Chapter 2256.016 of the *Public Funds Investment Act*, 2) are rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service, and 3) are authorized by resolution or ordinance by the Town Council. In addition, a local government investment pool created to function as a money market mutual fund must mark its portfolio to the market daily and, to the extent reasonably possible, stabilize at a $1.0000 net asset value.

Investment Pools

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2025, the fair value of the position in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience, and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas *Public Funds Investment Act*. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. At September 30, 2025, the fair value of the position in Texas CLASS approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the maximum maturity length of investments to three years.

As of September 30, 2025, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1 Year	Investment Maturities (in Years) More Than 1 Year
Texas CLASS	$ 4,619,831	$ 4,619,831	$ -
TexPool	9,609,052	9,609,052	-
Non-negotiable CDs	2,067,003	-	2,067,003
Total	$ 16,295,886	$ 14,228,883	$ 2,067,003

Credit Risk

The Town's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAAm, or equivalent, by at least one nationally recognized rating service.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the Town's investment in a single issuer. The Town's investment policy states that the investment portfolio shall be diversified so that potential losses on individual issuers will be minimized. At September 30, 2025, the Town's investments are 87% in investment pools and 13% in non-negotiable CDs .

Fair Value of Investments

The Town measures and records its investments using, as appropriately, fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1 Quoted prices for identical investments in active markets;

Level 2 Observable inputs other than those in Level 1; and

Level 3 Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. At September 30, 2025, the Town had no investments in the fair value hierarchy.

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included below approximate net asset value for the applicable external investment pool balances. Additionally, the Town has investments in governmental pools and nonnegotiable CDs as listed below, which are recorded at amortized cost, and excluded from the fair value hierarchy.

At September 30, 2025, the Town had the following investments:

Investments measured at net asset value		
Texas CLASS	$	4,619,831
Investments measured at amortized cost		
Non-negotiable CDs		2,067,003
TexPool		9,609,052
Total investments	$	16,295,886

Note 3. Receivables

Below is the detail of receivables for the Town's major and nonmajor funds, including the applicable allowances for doubtful accounts:

	General	Debt Service	PID No. 1	Nonmajor Governmental	Storm Drainage Utility	Total
Receivables						
Property taxes	$ 44,202	$ 14,074	$ -	$ -	$ -	$ 58,276
Sales Tax	322,606	-	-	159,525	-	482,131
Franchise taxes	75,432	-	-	-	-	75,432
Hotel occupancy	-	-	-	131,484	-	131,484
Special assessments	-	-	12,802,418	-	-	12,802,418
Due from other governments	7,505	-	-	-	-	7,505
Municipal court	28,047	-	-	-	-	28,047
EMS	146,826	-	-	-	-	146,826
Storm drainage	-	-	-	-	36,392	36,392
Leases	126,264	-	-	-	-	126,264
Other	141,532	-	-	-	-	141,532
Gross receivables	892,414	14,074	12,802,418	291,009	36,392	14,036,307
Less: allowance for doubtful accounts	(126,654)	-	-	(10,500)	-	(137,154)
Net receivables	$ 765,760	$ 14,074	$ 12,802,418	$ 280,509	$ 36,392	$ 13,899,153

Based on the payment schedule for special assessment receivables, approximately $10,390,316 of the amount reported in the PID No. 1 fund is not expected to be collected within the next year.

Leases Receivable

The Town leases several water towers to third parties, terms of which expire in various years through 2027. The Town recognized approximately $108,000 in lease revenue and $11,000 in interest revenue during the current fiscal year related to the leases. As of September 30, 2025, the Town's receivable for lease payments was $126,264. Also, the Town has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2025, the balance of the deferred inflow of resources was $112,643.

Note 4. Capital and Lease Assets

Capital and lease assets activity for the year ended September 30, 2025, was as follows:

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	$ 10,487,119	$ -	$ -	$ -	$ 10,487,119
Construction in progress	2,197,624	1,363,730	-	(942,881)	2,618,473
Total capital assets, not being depreciated	12,684,743	1,363,730	-	(942,881)	13,105,592
Capital and lease assets, being depreciated/amortized:					
Buildings	10,659,919	-	-	-	10,659,919
Improvements other than buildings	66,373,444	143,736	-	(56,364.00)	66,460,816
Machinery and equipment	3,125,469	687,142	(124,644)	55,014	3,742,981
Vehicles	2,454,736	364,705	-	-	2,819,441
Water system	5,362,005	-	-	-	5,362,005
Lease asset - equipment	151,007	-	-		151,007
Infrastructure	14,472,062	2,141,698	-	-	16,613,760
Total capital and lease assets, being depreciated/amortized	102,598,642	3,337,281	(124,644)	(1,350)	105,809,929
Less accumulated depreciation/amortization for:					
Buildings	2,965,997	386,789	-	-	3,352,786
Improvements other than buildings	37,279,545	2,147,747	-	-	39,427,292
Machinery and equipment	2,327,423	264,201	(104,415)	5,960	2,493,169
Vehicles	1,419,878	284,056	-	-	1,703,934
Water system	2,376,184	175,875	-	-	2,552,059
Lease asset - equipment	91,113	37,116	-		128,229
Infrastructure	7,713,160	362,878	-	-	8,076,038
Total accumulated depreciation/amortization	54,173,300	3,658,662	(104,415)	5,960	57,733,507
Total capital and lease assets, being depreciated/amortized	48,425,342	(321,381)	(20,229)	(7,310)	48,076,422
Governmental activities capital and lease assets, net	$ 61,110,085	$ 1,042,349	$ (20,229)	$ (950,191)	$ 61,182,014

	Beginning Balance	Additions	Sales/ Disposals	Transfers	Ending Balance
Business-Type activities:					
Capital assets, not being depreciated:					
Construction in Progress	$ -	$ 29,500	$ -	$ -	$ 29,500
Total capital assets, not being depreciated	-	29,500	-	-	29,500
Capital assets, being depreciated:					
Improvements other than Buildings	$ 158,887	$ -	$ -	$ -	$ 158,887
Machinery and equipment	97,592	-	-	(55,014)	42,578
Improvements	33,365	-	-	-	33,365
Infrastructure	2,039,766	-	-	999,245	3,039,011
Total capital assets, being depreciated	2,329,610	-	-	944,231	3,273,841
Less accumulated depreciation for:					
Improvements other than Buildings	16,880	7,950	-	-	24,830
Machinery and equipment	34,038	2,642	-	(5,960)	30,720
Improvements	14,178	3,336	-	-	17,514
Infrastructure	482,977	76,064	-	-	559,041
Total accumulated depreciation	548,073	89,992	-	(5,960)	632,105
Total capital assets, being depreciated, net	1,781,537	(89,992)	-	950,191	2,641,736
Business-type activities capital assets, net	$ 1,781,537	$ (60,492)	$ -	$ 950,191	$ 2,671,236

Depreciation and amortization expense was charged to the functions/programs of the primary government as follows:

Governmental Activities	
General government	$ 400,595
Emergency medical services	88,925
Information systems	33,169
Police	213,453
Fire	31,391
Parks and recreation	694,989
Community development	20,573
Public works	2,175,567
Total governmental activities depreciation/amortization expense	$ 3,658,662
Business-type Activities	
Trophy Club Park	$ 13,928
Storm Drainage Utility	76,064
Total business-type activities	$ 89,992

Note 5. Long-term Liabilities

The following is a summary of changes in the Town's total long-term liabilities for the year ended September 30, 2025.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 5,165,000	$ -	$ 740,000	$ 4,425,000	$ 505,000
Certificates of Obligation	16,800,000	-	1,545,000	15,255,000	985,000
Special Assessment Bonds	18,227,000	12,905,000	18,227,000	12,905,000	1,450,000
Bond Premiums	3,093,541	411,130	2,292,003	1,212,668	-
Total bonds payable	43,285,541	13,316,130	22,804,003	33,797,668	2,940,000
Leases payable	49,294	-	37,299	11,995	7,010
Compensated absences*	407,666	76,585	-	484,251	115,333
Total governmental activities	$ 43,742,501	$ 13,392,715	$ 22,841,302	$ 34,293,914	$ 3,062,343

*The change in accrued compensated absences is presented as a net amount, in accordance with GASB 101

The Town intends to retire all of its governmental activities general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The special assessment bonds are expected to be liquidated from the PID No. 1 fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities.

General Obligation Bonds

The Town issues general obligation bonds and certificates of obligations to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds and certificates of obligation outstanding at September 30, 2025, are as follows:

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
General Obligation Bonds:				
General Obligation Series 2016	2.00-3.00	2036	5,245,000	3,125,000
General Obligation Refunding Series 2020	1.16	2030	3,550,000	1,300,000
				$ 4,425,000
Certificate of Obligations:				
Certificates of Obligation Series 2013	2.50-3.25	2028	1,300,000	370,000
Certificates of Obligation Series 2014	2.00-4.00	2034	2,500,000	1,310,000
Certificates of Obligation Series 2016	2.00-4.00	2036	4,210,000	2,615,000
Certificates of Obligation Series 2017	2.50-3.00	2037	4,445,000	2,510,000
Certificates of Obligation Series 2021	2.00-4.00	2041	4,305,000	2,930,000
Certificates of Obligation Series 2023	4.00-5.00	2043	6,925,000	5,520,000
				$ 15,255,000

Special Assessment Bonds

In May 2025, the Town issued Special Assessment Revenue Refunding Bonds, Series 2025, in the amount of $12,905,000 with a net premium of $411,130, which refunded the existing Special Assessment Revenue Refunding Bonds, Series 2015. Proceeds of the sale of the Bonds are to be used for (i) refunding the outstanding Trophy Club Public Improvement District No. 1 Special Assessment Revenue Refunding Bonds, Series 2015; (ii) funding a debt service reserve fund for the payment of principal and interest on the Bonds; (iii) funding a Prepayment/Delinquency Fund; and (iv) paying the costs of issuance of the Bonds. As a result of the refunding transaction the Town reduced total debt service payments by $4,312,297.

These bonds will be repaid from special assessments levied on the property owners benefiting from this construction. Those amounts, including interest, are 100% pledged to pay the scheduled principal and interest payments on the special assessment bonds. The Town is not obligated to pay the bonds from any funds raised from taxation or from any other revenues available to the Town.

Governmental Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Special Assessment:				
Special Assessment Revenue Refunding-Series 2025	5.00	2032	$ 12,905,000	$ 12,905,000
				$ 12,905,000

The debt service requirements for the Town's bonds are as follows:

Year Ended September 30	Governmental Activities		
	Principal	Interest	Total Requirements
2026	$ 2,940,000	$ 1,401,346	$ 4,341,346
2027	3,215,000	1,121,418	4,336,418
2028	3,345,000	993,953	4,338,953
2029	3,352,000	863,400	4,215,400
2030	3,484,000	727,863	4,211,863
2031-2035	10,974,000	1,775,950	12,749,950
2036-2040	3,830,000	538,300	4,368,300
2041-2043	1,445,000	77,150	1,522,150
Total	$ 32,585,000	$ 7,499,380	$ 40,084,380

Leases Payable

The Town has agreements as lessee for equipment and copiers, the terms of which expire in various years through 2027.

The following is a schedule by year of payments under the leases as of September 30, 2025:

Year Ending September 30,	Principal	Interest	Total
2026	$ 7,010	$ 688	$ 7,698
2027	4,985	147	5,132
Total	$ 11,995	$ 835	$ 12,830

Note 6. Interfund Transactions

Due to/from component unit

The composition of amounts due to/from component unit as of September 30, 2025, is as follows:

Receivable	Payable	Amount
Component Unit	General Fund	$ 16,256
	Nonmajor Governmental Fund	32,517
		$ 48,773

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	PID No. 1	$ 183,256
General Fund	Nonmajor Governmental Fund	386,503
		$ 569,759

The amount payable to the general fund from the nonmajor governmental fund relates to a working capital loan made to a nonmajor governmental fund. None of the balance is scheduled to be collected in the subsequent year. The amount payable to the general fund from the Public Improvement District No. 1 fund relates to expenditures paid for by the general fund during prior years and balances of existing debt refunded during the year in which the general fund supplied a portion of the cash to the escrow agent. The balance is expected to be paid in future years as the Public Improvement District No. 1 fund increases revenues.

Interfund transfers

The composition of interfund transfers for the year ended September 30, 2025, is as follows:

Transfer Out:	Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund	$ 2,632,446	$ 257,130	$ 2,889,576
Total	$ 2,632,446	$ 257,130	$ 2,889,576

Transfers were primarily used to support debt service, capital expenditures, and to transfer funds to the general fund for budgeted administrative costs.

Note 7. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the Town's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the Town's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

Note 8. Contingencies

Federal Grant Programs

The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the *Single Audit Act* as amended. Accordingly, the Town's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, will be immaterial.

Note 9. Defined Benefit Pension Plan

Plan Description

The Town participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at tmrs.com.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the Town-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest. The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Plan provisions for the Town were as follows:

Member Deposit Rate	7%
Town Matching Ratio	2 to 1
Updated Service Credit	100% Transfers
Annuity Increases to Retirees	30% CPI-U since retirement date
Vesting	5 years
Service Retirement Eligibilities	5 years/age 60, 20 years/any age

Employees Covered by Benefit Terms

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	70
Inactive employees entitled to but not yet receiving benefits	111
Active employees	81
	262

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the Member's total compensation, and the Town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Town. Under the state law governing TMRS, the contribution rate for each Town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The Town's contribution rate is based on the liabilities created from the benefit plan options selected by the Town and any changes in benefits or actual experience over time.

Employees for the Town were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Town were 12.90% and 13.64% in calendar years 2024 and 2025, respectively. The Town's contributions to TMRS for the year ended September 30, 2025, were $1,051,613 and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.55% per year, adjusted down for population declines, if any
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of the expected return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) - (b)
Balance, Beginning of Year	$ 29,726,783	$ 26,964,278	$ 2,762,505
Changes for the year:			
Service cost	1,332,689	-	1,332,689
Interest (on the Total Pension Liability)	2,018,365	-	2,018,365
Difference between expected and actual experience	869,035	-	869,035
Changes in assumptions	-	-	-
Contributions - member	-	528,844	(528,844)
Contributions - employer	-	974,584	(974,584)
Net investment income	-	2,804,137	(2,804,137)
Benefit payments, including refunds of member contributions	(982,853)	(982,853)	-
Administrative expense	-	(17,968)	17,968
Other	-	(421)	421
Net Changes	3,237,236	3,306,323	(69,087)
Balance, End of Year	$ 32,964,019	$ 30,270,601	$ 2,693,418

Sensitivity of the Net Position Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability (asset)	$ 7,606,115	$ 2,693,418	$ (1,310,998)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City/Town. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2025, the Town recognized pension expense of $1,578,904.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	$ -	$ 329,853
Difference of assumption changes or inputs	-	20,017
Difference in expected and actual economic experience	644,872	-
Contributions subsequent to the measurement date	809,633	-
	$ 1,454,505	$ 349,870

$809,633 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability for the year ending 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	Net Deferred Outflows of Resources
2026	$ 491,150
2027	428,387
2028	(427,727)
2029	(196,808)
	$ 295,002

Allocation of Pension Items

The Town allocates pension items to the governmental activities on the basis of employee payroll funding. The net pension liability/(asset) is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 10. Other Postemployment Benefits (OPEB)

A summary of the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Governmental Activities				
Supplemental Death Benefits Plan	$ 248,289	$ 17,147	$ 87,477	$ 1,533
Retiree Health Care Plan	59,646	2,734	23,234	1,732
Total governmental activities	$ 307,935	$ 19,881	$ 110,711	$ 3,265

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

Texas Municipal Retirement System (TMRS) administers an optional death benefit plan, the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide supplemental death benefits for their active Members with optional coverage for their retirees. The Town has elected to participate in the SDBF for its active members, including retirees. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Benefits Provided

The death benefit for active Members provides a lump-sum payment approximately equal to the Member's annual salary (calculated based on the Member's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500.

Employees Covered by Benefit Terms

At the December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	27
Active employees	81
	148

Contributions

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the Town. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. As such, contributions fund the covered active Member and retiree deaths on a pay-as-you-go basis. Due to the SDBF being considered an unfunded OPEB plan, benefit payments are treated as being equal to the Town's yearly contributions for retirees.

The retiree portion of the contribution rates for the Town to the SDBF were 0.08% and 0.09% for calendar year 2024 and 2025, respectively. The Town's contributions to the SDBF for the year ended September 30, 2025, were $6,037, and were equal to the required contributions.

Total OPEB Liability

The Town's Total OPEB Liability was measured as of December 31, 2024, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08% (3.77% in prior year)
Retirees' share of benefit- related costs	$ 0

All administrative expenses are paid through the Town's Pension Trust and accounted for under reporting requirements of GASB Statement No. 68. Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based the gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Mortality rates for disabled annuitants were based on the mortality tables for with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

The actuarial assumptions used in the December 31, 2024, valuation was based on the results of an actuarial experience study for the period ending December 31, 2022. Because the Supplemental Death Benefits Fund is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the Fidelity's "20-Year Municipal GO AA Index" rate as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	$ 255,612
Changes for the year	
Service cost	15,847
Interest on Total OPEB Liability	9,821
Differences between expected and actual experience	(12,798)
Changes of assumptions	(14,156)
Benefit payments	(6,037)
Net changes	(7,323)
Balance, End of Year	$ 248,289

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.08%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage- point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total OPEB liability	$ 298,467	$ 248,289	$ 209,480

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of $1,533.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 955	$ 24,125
Changes in assumptions	10,850	63,352
Contributions made subsequent to measurement date	5,342	-
	$ 17,147	$ 87,477

The Town reported $5,342 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Outflows of Resources
2026	$ (33,451)
2027	(34,319)
2028	(5,908)
2029	(1,994)
	$ (75,672)

Retiree Health Care Plan

Plan Description

The Town offers retired employees and their dependents the option to retain health, dental, and vision insurance coverage under the Town's insurance carrier until the age 65 through a single employer defined benefit plan. The Town does not make a direct contribution for retiree medical coverage. The retirees participate in the same plan as active employees. This effect on cost is considered to be an implicit rate subsidy. To be eligible for retiree health plan benefits, retired employees must be at least age 55 and have 10 years of service with the Town. The plan does not issue a separate report. Benefit provisions for retirees are not mandated by any form of employment agreement and the continued provision of these benefits is based entirely on the discretion of the Town Council. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

Benefits Provided

Retiree medical coverage levels for retirees are the same plans and benefits for all active employees in accordance with the terms and conditions of the Town's current health plan. Premiums for the retiree health plans are 100% of the current contribution rate for active employees. The plans themselves are the same as well with regard to benefits and structure with no differentiation. The contributions and coverage continue until the retiree reaches age 65.

Employees Covered by Benefit Terms

At September 30, 2025, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Active employees	68
	68

Total OPEB Liability

The Town's Total OPEB Liability was measured as of September 30, 2025, and the Total OPEB Liability was determined by an actuarial valuation as of September 30, 2025.

Actuarial Assumptions:

The Total OPEB Liability in the September 30, 2025, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.50%, including inflation
Discount rate	4.06% (4.06% in prior year)
Retirees' share of benefit- related costs	Retiree pays 195% of the active employee monthly contribution rate for medical/ dental/vision coverage
Health-care cost trend rates	Level 4.50%

Mortality rates were based on RPH-2014 Total Table with Projection MP-2021. Because the Retiree Health Care Plan is considered an unfunded trust under GASB Statement No. 75, the relevant discount rate for calculating the Total OPEB Liability is based on the S&P Municipal Bond 20-Year High Grade Rate index as of the measurement date.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance, Beginning of Year	$ 51,659
Changes for the year	
Service cost	5,660
Interest on Total OPEB Liability	2,327
Net changes	7,987
Balance, End of Year	$ 59,646

Rate Sensitivity of the Total OPEB Liability

The following presents the total OPEB liability of the Town, calculated using the discount rate of 4.06%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage- point higher (5.06%) than the current rate:

	1% Decrease in Discount Rate (3.06%)	Discount Rate (4.06%)	1% Increase in Discount Rate (5.06%)
Total OPEB liability	$ 66,359	$ 59,646	$ 53,633

The following presents the total OPEB liability of the Town, calculated using the healthcare cost trend rate of 4.5%, as well as what the Town's total OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower (3.5%) or 1-percentage- point higher (5.5%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Healthcare Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total OPEB liability	$ 51,976	$ 59,646	$ 68,691

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the Town recognized OPEB expense of $1,732.

At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ -	$ 15,651
Changes in assumptions	2,734	7,583
	$ 2,734	$ 23,234

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Net Deferred Inflows of Resources
2026	$ (6,255)
2027	(6,114)
2028	(5,278)
2029	(1,471)
2030	(1,055)
Thereafter	(327)
	$ (20,500)

Allocation of OPEB Items

The Town allocates OPEB items to the governmental activities on the basis of employee payroll funding. The total OPEB liability is liquidated by the General Fund, Street Maintenance Sales Tax Fund, and Hotel Occupancy Tax Fund.

Note 11. Deferred Compensation Plan

The Town has established a single-employer defined contribution, deferred compensation plan (457 Plan) in accordance with Internal Revenue Code, Section 457(b). The 457 Plan is available to all full-time employees of the Town. The 457 Plan is administered by ICMA Retirement Corporation doing business as Mission Square Retirement. Benefit provisions are contained in the plan document and were established and can be amended by action of the Town Council. All 457 Plan assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the Town.

The 457 Plan permits employees to defer a portion of their salaries until future years. The benefits of the 457 Plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death. The Town contributes a fixed annual amount to the 457 Plan for Director level and above.

Note 12. Tax Abatements

The Town enters into tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code. The Town has the authority under both Article III, Section 52-a of the Texas Constitution and Chapter 380 to make public funds available for the purposes of promoting local economic development and stimulating business and commercial activity with the Town. The Town offers individual incentive packages to attract new business to the Town. Abatements may be granted by Town Council resolution to companies or developers agreeing to relocate to the Town or to establish a new business in the Town. As part of the agreements, the Town agrees to refund a portion of incremental Local Sales and Use Tax, Type B Sales and Use Tax, and/or Property Taxes after confirmation of payment. The agreements entered into by the Town include clawback provisions should the recipient of the tax abatement fail to fully meet its commitments, such as annual sales levels or appraised values of real and personal property located on the project site. As a part of these agreements, the Town may also provide Developers financial assistance for Developer's expenditures made towards the Project. In addition to tax abatements, the Town occasionally makes additional commitments in its economic development incentive agreements. The following additional commitments have been made:

- The Town agreed to provide a loan of $200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy is issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. The current loan amount is the note receivable balance in the Economic Development Corporation.

For the fiscal year ended September 30, 2025, the Town had no abated taxes.

Note 13. Economic Development Corporation

The Economic Development Corporation (EDC) is financed with a voter approved half-cent Town sales tax, to aid, promote and further the economic development within the Town.

Cash and Investments

Cash and cash equivalents for the EDC as of September 30, 2025, consist of and are classified in the accompanying financial statements as follows:

Cash and cash equivalents	$ 2,742,498
Total cash and cash equivalents	$ 2,742,498

Investments

Because the Town provides investment services for the EDC, the Town adheres to its investment policy and all state statutes when investing available cash for the Town. The EDC's investments balances at September 30, 2025, were $2,742,498 (included in cash and cash equivalents for financial statement purposes) and were held in TexPool.

Note Receivable

In connection with an economic development incentive agreement, as noted previously, EDC agreed to provide a loan of $200,000 to fund certain permanent improvements to a building related to a qualified project during fiscal year 2021. The loan was to be paid back with interest of 2% calculated annually within four years of the date the Certificate of Occupancy was issued. During fiscal year 2022, the payee closed operations and was in default of the agreement. The Town is currently developing a revised repayment plan with expectations of full collectability of the original outstanding amount. Scheduled note receivable payments as of year-end are as follows:

Year Ended September 30,	Future Minimum Note Receivable Amounts
2026	$ 62,500
2027	37,500
2028	49,250
Total	$ 149,250

Capital Assets

Capital asset activity for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Component Unit Activities				
Capital assets, not being depreciated:				
Land	$ 2,538,765	$ -	$ -	$ 2,538,765
Total capital assets, not being depreciated	2,538,765	-	-	2,538,765
Capital assets, being depreciated:				
Infrastructure	367,960	-	-	367,960
Total capital assets, being depreciated	367,960	-	-	367,960
Less accumulated depreciation for:				
Infrastructure	131,318	24,693	-	156,011
Total accumulated depreciation	131,318	24,693	-	156,011
Total capital assets, being depreciated, net	236,642	(24,693)	-	211,949
Total capital assets	$ 2,775,407	$ (24,693)	$ -	$ 2,750,714

Depreciation expense charged to the EDC component unit was $24,693.

Long-term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2025, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Component Unit Activities					
Sales Tax Revenue Bonds	$ 1,720,000	$ -	$ 125,000	$ 1,595,000	$ 130,000
Bond Discounts	(14,544)	-	(1,333)	(13,211)	-
Total bonds payable	1,705,456	-	123,667	1,581,789	130,000
Total component unit activities	$ 1,705,456	$ -	$ 123,667	$ 1,581,789	$ 130,000

Sales Tax Revenue Bonds

EDC issued sales tax revenue bonds to provide funds for purchasing land within the Town to be used to promote new or expanded business enterprises including for entertainment, convention, tourist, sports and exhibition facilities, amphitheaters, concert halls, parks, open space, restaurants, retail, parking facilities, public safety facilities and related roads, street and water and sewer facilities and improvements. Sales tax revenue bonds outstanding at September 30, 2025, are as follows:

Component Unit Activities	Interest Rate (%)	Final Maturity	Original Borrowing	Outstanding at Year-End
Sales Tax Revenue Bonds, Taxable Series 2015	1.00-4.75	2035	$ 2,690,000	$ 1,595,000
			$ 2,690,000	$ 1,595,000

The debt service requirements for the sales tax revenue bonds are as follows:

	Component Unit Activities		
Year Ended September 30,	Principal	Interest	Total Requirements
2026	130,000	72,213	$ 202,213
2027	135,000	66,687	201,687
2028	140,000	60,950	200,950
2029	150,000	55,000	205,000
2030	155,000	48,625	203,625
2031-2035	885,000	130,150	1,015,150
Total	$ 1,595,000	$ 433,625	$ 2,028,625

The following is a summary of pledged revenues of EDC for the year ended September 30, 2025:

Revenue Pledged	Total Pledged Revenue	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal and Interest	Period Revenue Will Not Be Available For Other Purposes
.5% sales and use tax	$ 959,415	$ 204,093	21.3%	$ 2,028,625	Until 2035

TOWN OF
TROPHY CLUB

Required Supplementary Information (Unaudited)

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	$ 9,268,316	$ 9,268,316	$ 9,563,710	$ 295,394
Sales and mixed beverage taxes	1,625,000	1,625,000	1,980,134	355,134
Franchise and local taxes	951,200	961,200	1,092,187	130,987
License and permits	193,000	401,000	1,162,056	761,056
Intergovernmental	1,356,797	1,356,797	2,024,011	667,214
Charges for services	1,986,190	2,286,190	1,685,808	(600,382)
Fines and forfeitures	355,608	355,608	515,507	159,899
Lease revenue	-	-	108,420	108,420
Interest revenue - leases	-	-	10,831	10,831
Investment income	400,000	400,000	768,085	368,085
Contributions	923,873	923,873	-	(923,873)
Other revenue	180,500	306,423	70,392	(236,031)
Total revenues	17,240,484	17,884,407	18,981,141	1,096,734
Expenditures				
Current				
General government	-	-	155,826	155,826
Manager's office	634,477	630,477	624,567	(5,910)
Town secretary	285,693	273,693	330,004	56,311
Mayor & council	34,750	34,750	19,339	(15,411)
Human resources	466,086	466,086	408,262	(57,824)
Finance	680,622	680,622	686,435	5,813
Information services	736,125	736,125	579,895	(156,230)
Legal	225,330	225,330	164,976	(60,354)
Municipal court	114,500	114,500	140,206	25,706
Police	4,571,664	4,862,662	4,158,754	(703,908)
Fire	1,920,700	1,927,496	1,780,130	(147,366)
Emergency medical services	1,950,614	1,972,614	1,718,024	(254,590)
Facilities management	1,323,968	1,323,968	1,611,412	287,444
Parks and recreation	2,648,305	2,728,305	2,660,035	(68,270)
Community development	590,219	1,042,219	611,520	(430,699)
Communications	179,154	179,154	258,884	79,730
Pools	418,766	418,766	-	(418,766)
Debt service				
Principal	-	-	6,487	6,487
Interest	-	-	1,211	1,211
Capital outlay	-	-	4,228	4,228
Total expenditures	16,780,973	17,616,767	15,920,195	(1,696,572)
Excess of Revenues Over Expenditures	459,511	267,640	3,060,946	2,793,306
Other Financing Sources (Uses)				
Transfers in	80,752	80,752	-	80,752
Transfers out	-	-	(2,889,576)	2,889,576
Sale of general capital assets	-	-	3,626	(3,626)
Total other financing sources (uses)	80,752	80,752	(2,885,950)	2,966,702
Net Change in Fund Balances	$ 540,263	$ 348,392	174,996	$ 5,760,008
Fund Balances, Beginning			12,819,300	
Fund Balances, Ending			$ 12,994,296	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Public Improvement District No. 1
Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance with Final Budget
Revenues			
Special assessments	$ 2,226,926	$ 2,278,454	$ 51,528
Investment income	-	179,994	179,994
Issuance of special assessment revenue bonds	12,905,000	12,905,000	-
Premium on general obligation bonds issued	411,130	411,130	-
Miscellaneous	118,923	-	(118,923)
Total revenues	15,661,979	15,774,578	112,599
Expenditures			
General government	49,231	134,112	84,881
Debt Service:			
Principal	6,221,298	6,221,298	-
Payment to refunding escrow	12,730,535	12,730,535	-
Bond issuance costs	572,222	572,222	-
Total expenditures	19,573,286	19,658,167	(84,881)
Net Change in Fund Balances	$ (3,911,307)	(3,883,589)	$ 27,718
Fund Balances, Beginning		4,202,969	
Fund Balances, Ending		$ 319,380	

Town of Trophy Club, Texas
Schedule of Changes in the Town's Net Pension Liability / (Asset) and Related Ratios - Texas Municipal Retirement System

Measurement Date December 31,	2015	2016	2017	2018
Total Pension Liability				
Service cost	$ 804,453	$ 795,448	$ 789,530	$ 863,553
Interest (on the Total Pension Liability)	1,053,745	1,113,555	1,173,728	1,263,163
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(237,279)	(471,044)	(62,418)	(258,925)
Change in assumptions	368,895	-	-	-
Benefit payments, including refunds of employee contributions	(632,921)	(450,496)	(636,604)	(589,161)
Net Change in Total Pension Liability	1,356,893	987,463	1,264,236	1,278,630
Total Pension Liability - Beginning	14,967,739	16,324,632	17,312,095	18,576,331
Total Pension Liability - Ending	16,324,632	17,312,095	18,576,331	19,854,961
Plan Fiduciary Net Position				
Contributions - employer	658,543	593,840	606,585	633,832
Contributions - employee	340,458	329,281	323,389	347,155
Net investment income	19,357	912,155	2,061,434	(515,889)
Benefit payments, including refunds of employee contributions	(632,921)	(450,496)	(636,604)	(589,161)
Administrative expense	(11,788)	(10,296)	(10,676)	(9,961)
Other	(582)	(555)	(541)	(520)
Net Change in Plan Fiduciary Net Position	373,067	1,373,929	2,343,587	(134,544)
Plan Fiduciary Net Position - Beginning	13,116,278	13,489,345	14,863,274	17,206,861
Plan Fiduciary Net Position - Ending	13,489,345	14,863,274	17,206,861	17,072,317
Net Pension Liability / (Asset) - Ending	$ 2,835,287	$ 2,448,821	$ 1,369,470	$ 2,782,644
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	82.63%	85.85%	92.63%	85.99%
Covered Payroll	$ 4,863,685	$ 4,704,011	$ 4,619,838	$ 4,954,406
Net Pension Liability / (Asset) as a Percentage of Covered Payroll	58.30%	52.06%	29.64%	56.17%

Other Information:
For the 2015 valuation, inflation used was 2.5%, investment rate of return and discount rate used was 6.75% and actuarial studies were updated through December 31, 2014.

For the 2019 valuation, actuarial studies were updated through December 31, 2018.

For the 2023 valuation, actuarial studies were updated through December 31, 2022.

2018	2019	2020	2021	2022	2023	2024
$ 863,553	$ 980,663	$ 1,044,859	$ 1,059,781	$ 1,068,025	$ 1,138,934	$ 1,332,689
1,263,163	1,354,175	1,466,317	1,572,070	1,707,812	1,838,912	2,018,365
-	-	-	-	-	-	-
(258,925)	(3,497)	(142,491)	191,092	26,108	637,486	869,035
-	(802)	-	-	-	(91,511)	-
(589,161)	(566,895)	(835,638)	(783,233)	(848,925)	(941,420)	(982,853)
1,278,630	1,763,644	1,533,047	2,039,710	1,953,020	2,582,401	3,237,236
18,576,331	19,854,961	21,618,605	23,151,652	25,191,362	27,144,382	29,726,783
19,854,961	21,618,605	23,151,652	25,191,362	27,144,382	29,726,783	32,964,019
633,832	710,975	760,116	808,487	758,653	822,888	974,584
347,155	384,574	406,480	420,786	422,144	454,276	528,844
(515,889)	2,642,216	1,537,272	2,883,176	(1,856,921)	2,766,470	2,804,137
(589,161)	(566,895)	(835,638)	(783,233)	(848,925)	(941,420)	(982,853)
(9,961)	(14,914)	(9,935)	(13,322)	(16,045)	(17,583)	(17,968)
(520)	(448)	(388)	91	19,147	(123)	(421)
(134,544)	3,155,508	1,857,907	3,315,985	(1,521,947)	3,084,508	3,306,323
17,206,861	17,072,317	20,227,825	22,085,732	25,401,717	23,879,770	26,964,278
17,072,317	20,227,825	22,085,732	25,401,717	23,879,770	26,964,278	30,270,601
$ 2,782,644	$ 1,390,780	$ 1,065,920	$ (210,355)	$ 3,264,612	$ 2,762,505	$ 2,693,418
85.99%	93.57%	95.40%	100.84%	87.97%	90.71%	91.83%
$ 4,954,406	$ 5,493,911	$ 5,722,119	$ 6,011,235	$ 6,030,633	$ 6,489,651	$ 7,546,373
56.17%	25.31%	18.63%	-3.50%	54.13%	42.57%	35.69%

Town of Trophy Club, Texas
Schedule of Contributions
Texas Municipal Retirement System

Fiscal Year Ended September 30,	2016	2017	2018	2019
Actuarially determined contribution	$ 627,419	$ 598,176	$ 638,736	$ 736,208
Contribution in relation of the actuarially determined contribution	627,419	598,176	638,736	736,208
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 4,822,763	$ 4,559,463	$ 4,911,902	$ 5,640,011
Contributions as a percentage of covered payroll	13.01%	13.12%	13.00%	13.05%

Notes to Required Supplementary Information - TMRS

Notes to Schedule of Contributions
Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105% The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes	There were no benefit changes during the year.

2019	2020	2021	2022	2023	2024	2025
$ 736,208	$ 728,124	$ 810,363	$ 793,562	$ 808,561	$ 930,909	$ 1,051,613
736,208	728,124	810,363	793,562	808,561	930,909	1,051,613
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5,640,011	$ 5,524,768	$ 5,985,416	$ 6,195,743	$ 6,387,617	$ 7,072,426	$ 7,781,850
13.05%	13.18%	13.54%	12.81%	12.66%	13.16%	13.51%

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Supplemental Death Benefits Fund

Measurement Date December 31,	2017	2018	2019	2020
Total OPEB Liability				
Service cost	$ 10,164	$ 12,386	$ 15,383	$ 21,744
Interest (on the Total OPEB Liability)	6,033	6,400	7,252	7,204
Difference between expected and actual experience	-	(887)	(4,443)	(12,515)
Change in assumptions	17,400	(16,237)	46,233	46,896
Benefit payments	(924)	(991)	(1,099)	(1,144)
Net Change in Total OPEB Liability	32,673	671	63,326	62,185
Total OPEB Liability - Beginning	154,985	187,658	188,329	251,655
Total OPEB Liability - Ending	$ 187,658	$ 188,329	$ 251,655	$ 313,840
Covered Employee Payroll	$ 4,619,838	$ 4,954,406	$ 5,493,911	$ 5,722,119
Total OPEB Liability as a Percentage of Covered-Employee Payroll	4.06%	3.80%	4.58%	5.48%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2016	3.78%
2017	3.00%
2018	4.10%
2019	2.75%
2020	2.00%
2021	1.84%
2022	4.05%
2023	3.77%
2024	4.08%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Supplemental Death Benefits Fund

	2021	2022	2023	2024
$	27,652	$ 26,535	$ 12,979	$ 15,847
	6,517	6,863	9,683	9,821
	4,559	(21,220)	(10,491)	(12,798)
	12,575	(134,894)	13,431	(14,156)
	(3,607)	(3,618)	(5,192)	(6,037)
	47,696	(126,334)	20,410	(7,323)
	313,840	361,536	235,202	255,612
$	361,536	$ 235,202	$ 255,612	$ 248,289
$	6,011,235	$ 6,030,633	$ 6,489,651	$ 7,546,373
	6.01%	3.90%	3.94%	3.29%

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Retiree Health Care Plan

Measurement Date September 30,	2018	2019	2020	2021
Total OPEB Liability				
Service cost	$ 5,179	$ 5,389	$ 5,389	$ 6,570
Interest (on the Total OPEB Liability)	2,019	2,101	2,624	1,489
Difference between expected and actual experience	-	-	(1,194)	-
Change in assumptions	-	-	(6,481)	-
Net Change in Total OPEB Liability	7,198	7,490	338	8,059
Total OPEB Liability - Beginning	44,561	51,759	59,249	59,587
Total OPEB Liability - Ending	$ 51,759	$ 59,249	$ 59,587	$ 67,646
Covered Employee Payroll	$ 4,911,902	$ 5,493,911	$ 5,524,768	$ 5,985,416
Total OPEB Liability as a Percentage of Covered-Employee Payroll	1.05%	1.08%	1.08%	1.13%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: 1) Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2017	4.06%
2018	4.06%
2019	2.25%
2020	2.25%
2021	2.25%
2022	4.77%
2023	4.77%
2024	4.06%
2025	4.06%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Town will present information for only those years for which information is available.

Town of Trophy Club, Texas
Schedule of Changes in the Town's Total OPEB Liability and Related Ratios
Retiree Health Care Plan

	2022	2023	2024	2025
$	6,570	$ 4,185	$ 4,185	$ 5,660
	1,670	2,389	2,703	2,327
	(16,109)	-	(11,470)	-
	(13,868)	-	3,758	-
	(21,737)	6,574	(824)	7,987
	67,646	45,909	52,483	51,659
$	45,909	$ 52,483	$ 51,659	$ 59,646
$	6,195,743	$ 6,387,617	$ 5,853,817	$ 7,781,850
	0.74%	0.82%	0.88%	0.77%

TOWN OF
TROPHY CLUB

Combining and Individual Fund Financial Statements and Schedules (Unaudited)

TOWN OF
TROPHY CLUB

Nonmajor Governmental Funds

Special Revenue Funds

Hotel Occupancy Tax Fund – This fund is used to account for local hotel and motel occupancy tax receipts, as well as expenses (events).

Street Maintenance Sales Tax Fund – Accounts for sales taxes specifically restricted for street improvements.

Court Technology Fund – Accounts for court fees specifically restricted for court technology expenses.

Court Security Fund – Accounts for court fees specifically restricted for court security expenses.

Recreation Programs Fund – Accounts for revenues and expenditures associated with recreational programs.

Park Land Dedication Fund – This fund is used to account for park revenues received by and expended by the Town.

Police Seizure Fund - This fund is used to account for funds seized by the Police department and expended by the Town.

Grant Fund –This fund is used to account for certain grant monies received by and expended by the Town.

Tax Increment Reinvestment Zone No. 1 – Accounts for revenues to be used in the reinvestment zone.

Crime Control and Prevention District – Accounts for the funds received from a one-half one percent sales tax, which can be utilized for public safety.

Municipal Court Building and Security Technology Fund - This fund is used to account for court fees specifically restricted for court security and technology expenses.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2025

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Assets					
Cash and cash equivalents	$ 3,808,416	$ 633,262	$ 7,595	$ 94,121	$ 44,913
Taxes receivable, net	120,984	79,237	-	-	-
Total assets	$ 3,929,400	$ 712,499	$ 7,595	$ 94,121	$ 44,913
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 4,310	$ 10,806	$ -	$ -	$ -
Due to component unit	-	32,517	-	-	-
Advances to other funds	-	-	-	-	-
Total liabilities	4,310	43,323	-	-	-
Fund Balances					
Restricted:					
Capital projects	-	-	-	-	-
Municipal court	-	-	7,595	94,121	-
Public safety	-	-	-	-	-
Street maintenance	-	669,176	-	-	-
Tourism	3,925,090	-	-	-	-
Parks	-	-	-	-	-
Committed:					
Recreation programs	-	-	-	-	44,913
Total fund balances	3,925,090	669,176	7,595	94,121	44,913
Total liabilities and fund balances	$ 3,929,400	$ 712,499	$ 7,595	$ 94,121	$ 44,913

Park Land Dedication	Police Seizure	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Municipal Court Building and Security Technology	Total Nonmajor Governmental Funds
$ 656,980	$ 37,499	$ 9,886	$ 676,217	$ 373,483	$ 6,993	$ 6,349,365
-	-	-	-	80,288	-	280,509
$ 656,980	$ 37,499	$ 9,886	$ 676,217	$ 453,771	$ 6,993	$ 6,629,874
$ -	$ -	$ -	$ -	$ 5,456	$ -	$ 20,572
-	-	-	-	-	-	32,517
-	-	-	386,503	-	-	386,503
-	-	-	386,503	5,456	-	439,592
-	-	-	289,714	-	-	289,714
-	-	-	-	-	6,993	108,709
-	37,499	9,886	-	448,315	-	495,700
-	-	-	-	-	-	669,176
-	-	-	-	-	-	3,925,090
656,980	-	-	-	-	-	656,980
-	-	-	-	-	-	44,913
656,980	37,499	9,886	289,714	448,315	6,993	6,190,282
$ 656,980	$ 37,499	$ 9,886	$ 676,217	$ 453,771	$ 6,993	$ 6,629,874

Town of Trophy Club, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended September 30, 2025

	Hotel Occupancy Tax	Street Maintenance Sales Tax	Court Technology	Court Security	Recreation Programs
Revenues					
Sales and mixed beverage taxes	$ -	$ 463,166	$ -	$ -	$ -
Occupancy tax	955,491	-	-	-	-
Charges for services	-	-	-	-	16,042
Fines and fees	-	-	62	17,577	-
Investment income	144,699	1,605	-	-	-
Other revenue	21,781	-	-	-	-
Total revenues	1,121,971	464,771	62	17,577	16,042
Expenditures					
Current:					
Police	-	-	-	-	-
Parks and recreation	-	-	-	-	15
Tourism	514,784	-	-	-	-
Public works	-	304,267	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total expenditures	514,784	304,267	-	-	15
Excess (Deficiency) of Revenues Over (Under) Expenditures	607,187	160,504	62	17,577	16,027
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net Change in Fund Balances	607,187	160,504	62	17,577	16,027
Fund Balances (Deficit), Beginning of Year	3,317,903	508,672	7,533	76,544	28,886
Fund Balances, End of Year	$ 3,925,090	$ 669,176	$ 7,595	$ 94,121	$ 44,913

Park Land Dedication	Police Seizure	Grant	Tax Increment Reinvestment Zone No. 1	Crime Control and Prevention District	Municipal Court Building and Security Technology	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ 469,177	$ -	$ 932,343
-	-	-	-	-	-	955,491
-	-	-	-	-	-	16,042
-	37,499	-	-	-	6,993	62,131
24,146	-	-	-	790	-	171,240
-	-	-	17,289	-	-	39,070
24,146	37,499	-	17,289	469,967	6,993	2,176,317
-	-	-	-	97,854	-	97,854
-	-	-	-	-	-	15
-	-	-	-	-	-	514,784
-	-	-	-	-	-	304,267
-	-	-	-	30,812	-	30,812
-	-	-	-	368	-	368
-	-	-	-	205,303	-	205,303
-	-	-	-	334,337	-	1,153,403
24,146	37,499	-	17,289	135,630	6,993	1,022,914
-	-	-	257,130	-	-	257,130
-	-	-	257,130	-	-	257,130
24,146	37,499	-	274,419	135,630	6,993	1,280,044
632,834	-	9,886	15,295	312,685	-	4,910,238
$ 656,980	$ 37,499	$ 9,886	$ 289,714	$ 448,315	$ 6,993	$ 6,190,282

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Hotel Occupancy Tax Fund
Year Ended September 30, 2025

	Original and Final Budget	Hotel Occupancy Tax	Variance with Final Budget
Revenues			
Taxes	$ 750,000	$ 955,491	$ 205,491
Investment income	50,000	144,699	94,699
Other revenue	10,000	21,781	11,781
Total revenues	810,000	1,121,971	311,971
Expenditures			
Tourism	808,301	514,784	293,517
Capital outlay	20,000	-	20,000
Total expenditures	828,301	514,784	313,517
Excess of Revenues Over Expenditures	(18,301)	607,187	625,488
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	$ (18,301)	607,187	$ 625,488
Fund Balance, Beginning		3,317,903	
Fund Balance, Ending		$ 3,925,090	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Street Maintenance Tax Fund
Year Ended September 30, 2025

	Original and Final Budget	Street Maintenance Sales Tax	Variance with Final Budget
Revenues			
Taxes	$ 357,000	$ 463,166	$ 106,166
Investment income	1,530	1,605	75
Total revenues	358,530	464,771	106,241
Expenditures			
Public works	378,225	304,267	73,958
Capital outlay	-	-	-
Total expenditures	378,225	304,267	73,958
Excess of Revenues Over Expenditures	(19,695)	160,504	180,199
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	$ (19,695)	160,504	$ 180,199
Fund Balance, Beginning		508,672	
Fund Balance, Ending		$ 669,176	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Court Technology Fund
Year Ended September 30, 2025

	Original and Final Budget	Court Technology	Variance with Final Budget
Revenues			
Fines and Fees	$ 100	$ 62	$ (38)
Total revenues	100	62	(38)
Expenditures			
Court	-	-	-
Total expenditures	-	-	-
Net Change in Fund Balance	$ 100	62	$ (38)
Fund Balance, Beginning		7,533	
Fund Balance, Ending		$ 7,595	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Court Security Fund
Year Ended September 30, 2025

	Original and Final Budget	Court Security	Variance with Final Budget
Revenues			
Fines and fees	$ 9,000	$ 17,577	$ 8,577
Total revenues	9,000	17,577	8,577
Expenditures			
Court	-	-	-
Total expenditures	-	-	-
Excess of Revenues Over Expenditures	9,000	17,577	(8,577)
Other Financing Sources (Uses)			
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	$ 9,000	17,577	$ 8,577
Fund Balance, Beginning		76,544	
Fund Balance, Ending		$ 94,121	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Recreation Programs Fund
Year Ended September 30, 2025

	Original and Final Budget	Recreation Programs	Variance with Final Budget
Revenues			
Charges for services	$ 6,000	$ 16,042	$ 10,042
Total revenues	6,000	16,042	10,042
Expenditures			
Parks and recreation	6,000	15	5,985
Total expenditures	6,000	15	5,985
Net Change in Fund Balance	$ -	16,027	$ 4,057
Fund Balance, Beginning		28,886	
Fund Balance, Ending		$ 44,913	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Park Land Dedication Fund
Year Ended September 30, 2025

	Original and Final Budget	Park Land Dedication	Variance with Final Budget
Revenues			
Investment income	$ 1,750	$ 24,146	$ 22,396
Other revenue	-	-	-
Total revenues	1,750	24,146	22,396
Expenditures			
Capital outlay	-	-	-
Total expenditures	-	-	-
Net Change in Fund Balance	$ 1,750	24,146	$ 22,396
Fund Balance, Beginning		632,834	
Fund Balance, Ending		$ 656,980	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tax Increment Reinvestment Zone No. 1 Fund
Year Ended September 30, 2025

	Original and Final Budget	Tax Increment Reinvestment Zone No. 1	Variance with Final Budget
Revenues			
Taxes	$ 145,051	$ -	$ (145,051)
Other revenue	-	17,289	17,289
Total revenues	145,051	17,289	(127,762)
Expenditures			
Community development	62,657	-	62,657
Total expenditures	62,657	-	62,657
Excess (Deficiency) of Revenues Over (Under) Expenditures	82,394	17,289	65,105
Other Financing Sources (Uses)			
Transfers in	-	257,130	257,130
Total other financing sources (uses)	-	257,130	257,130
Net Change in Fund Balance	$ 82,394	274,419	$ 192,025
Fund Balance/(Deficit), Beginning		15,295	
Fund Balance/(Deficit), Ending		$ 289,714	

Town of Trophy Club, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Crime Control and Prevention District Fund
Year Ended September 30, 2025

	Original and Final Budget	Crime Control and Prevention District	Variance with Final Budget
Revenues			
Taxes	$ 360,500	$ 469,177	$ 108,677
Intergovernmental	4,000	-	(4,000)
Investment income	1,030	790	(240)
Total revenues	365,530	469,967	104,437
Expenditures			
Police	204,854	97,854	107,000
Debt Service - Principal	-	30,812	(30,812)
Debt Service - Interest and Fiscal Charges	-	368	(368)
Capital outlay	160,000	205,303	(45,303)
Total expenditures	364,854	334,337	30,517
Net Change in Fund Balance	$ 676	$ 135,630	$ 73,920
Fund Balance, Beginning		312,685	
Fund Balance, Ending		$ 448,315	

Discretely Presented Component Unit

Economic Development Corporation – to aid, promote and further economic development within the Town.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Balance Sheet
Component Unit
September 30, 2025

	Economic Development Corporation
Assets	
Cash and cash equivalents	$ 2,742,498
Taxes receivable, net	164,133
Due from primary government	48,773
Notes receivable	149,250
Total assets	3,104,654
Fund Balance	
Restricted:	
Debt service	238,117
Economic development	2,866,537
Total fund balance	3,104,654

Town of Trophy Club, Texas
Reconciliation of the Balance Sheet to the Statement of Net Position
Economic Development Corporation
September 30, 2025

Amounts reported in the statement of net position are different because:

Total fund balance	$	3,104,654
Capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the fund financial statements.		2,750,714
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the fund financial statements.		(6,018)
Long-term liabilities, including bonds payable and related discount, are not due and payable in the current period and, therefore are not reported in the fund financial statements.		(1,581,789)
Total Net Position	$	4,267,561

Town of Trophy Club, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
Component Unit
Year Ended September 30, 2025

	Economic Development Corporation
Revenues	
Sales and mixed beverage taxes	$ 959,415
Investment income	94,335
Total revenues	1,053,750
Expenditures	
Current:	
Economic Development	242,091
Debt Service:	
Principal	125,000
Interest and fiscal charges	78,042
Total expenditures	445,133
Change in Fund Balance	608,617
Fund Balance, Beginning of Year	2,496,037
Fund Balance, End of Year	$ 3,104,654

Town of Trophy Club, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
Economic Development Corporation
Year Ended September 30, 2025

Amounts reported in the statement of activities are different because:

Net change in fund balances	$	608,617
The fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of deprecation expense recorded in the current period.		(24,693)
The repayment of the principal of long-term debt consumes the current financial resources of the fund, but has no effect on net position.		125,000
Some expenses reported in the statement of activities do/(do not) require the use of current financial resources and, therefore, (are)/are not reported as expenditures in the fund.		
Amortization of bond discount		(1,333)
Current year changes in accrued interest on long-term debt		(318)
Change in net position of governmental activities	$	707,273

TOWN OF
TROPHY CLUB

Statistical Section

TOWN OF
TROPHY CLUB

Statistical Section (Unaudited)

This part of the Town's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Contents **Pages**

Financial Trends 92-100

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity 102-106

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 107-110

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 111-113

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 114-115

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

TOWN OF
TROPHY CLUB

Town of Trophy Club, Texas
Net Position by Component
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2016	2017	2018*	2019
Governmental Activities				
Net investment in capital assets	$ 26,940,643	$ 27,125,337	$ 51,825,867	$ 52,718,444
Restricted	4,433,649	4,676,837	5,478,991	6,112,682
Unrestricted	1,995,960	3,414,190	3,594,662	4,107,003
Total governmental activities	$ 33,370,252	$ 35,216,364	$ 60,899,520	$ 62,938,129
Business-type Activities				
Net investment in capital assets	$ 680,146	$ 776,097	$ 877,048	$ 982,997
Unrestricted	171,755	350,752	633,294	741,325
Total business-type activities	$ 851,901	$ 1,126,849	$ 1,510,342	$ 1,724,322
Primary Government				
Net investment in capital assets	$ 27,620,789	$ 27,901,434	$ 52,702,915	$ 53,701,441
Restricted	4,433,649	4,676,837	5,478,991	6,112,682
Unrestricted	2,167,715	3,764,942	4,227,956	4,848,328
Total primary government	$ 34,222,153	$ 36,343,213	$ 62,409,862	$ 64,662,451

* The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 1

2020	2021	2022	2023	2024	2025
$ 51,061,357	$ 27,008,067	$ 28,391,158	$ 28,947,808	$ 30,100,766	$ 43,056,738
6,821,486	29,052,071	27,278,448	8,185,798	9,320,172	6,553,617
5,321,576	5,265,710	6,394,425	25,732,138	25,856,754	21,020,481
$ 63,204,419	$ 61,325,848	$ 62,064,031	$ 62,865,744	$ 65,277,692	$ 70,630,836
$ 1,121,475	$ 1,240,768	$ 1,497,757	$ 1,678,173	$ 1,781,537	$ 2,671,236
706,200	1,077,789	1,507,834	1,982,061	2,301,328	2,688,163
$ 1,827,675	$ 2,318,557	$ 3,005,591	$ 3,660,234	$ 4,082,865	$ 5,359,399
$ 52,182,832	$ 28,248,835	$ 29,888,915	$ 30,625,981	$ 31,882,303	$ 45,727,974
6,821,486	29,052,071	27,278,448	8,185,798	9,320,172	6,553,617
6,027,776	6,343,499	7,902,259	27,714,199	28,158,082	23,708,644
$ 65,032,094	$ 63,644,405	$ 65,069,622	$ 66,525,978	$ 69,360,557	$ 75,990,235

Town of Trophy Club, Texas
Changes in Net Position
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2016	2017	2018*	2019
Expenses				
Governmental activities				
General government	$ 2,728,642	$ 2,533,298	$ 3,398,500	$ 3,650,893
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
Public safety	3,540,703	4,607,380	4,429,744	5,109,461
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
PID activities	2,122,901	48,520	2,850	26,875
Parks and recreation	2,652,384	2,761,053	2,644,329	2,871,283
Pools	-	-	-	-
Community development	640,404	738,659	695,637	717,215
Public works (Streets and infrastructure)	1,878,119	1,728,809	1,671,692	2,371,290
Water and sewer	319,054	-	-	-
Storm drainage	234,287	-	-	-
Interest on long-term debt	496,019	2,365,059	2,771,762	2,663,286
Total governmental activities expenses	14,612,513	14,782,778	15,614,514	17,410,303
Business-type activities				
Storm Drainage	174,499	120,295	129,722	131,370
Trophy Club Park	109,325	116,477	93,677	122,186
Total business-type activities expenses	283,824	236,772	223,399	253,556
Total primary government expenses	$ 14,896,337	$ 15,019,550	$ 15,837,913	$ 17,663,859
Program Revenues				
Governmental activities				
Charges for services				
General government	$ -	$ -	$ -	$ -
Court	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Emergency medical services	-	-	-	-
Parks and recreation	-	-	-	-
Community Development	605,558	-	-	-
Sanitation	-	-	-	-
Public works	-	-	-	-
Other	2,593,969	3,705,774	3,982,406	3,266,108
Operating grants and contributions	141,071	581,633	443,752	1,392,787
Capital grants and contributions	-	-	-	2,127,040
Total governmental activities program revenues	3,340,598	4,287,407	4,426,158	6,785,935
Business-type activities				
Charges for services				
Storm Drainage	466,934	596,520	592,322	539,295
Trophy Club Park	-	-	-	-
Operating grants and contributions	61,106	-	94,521	-
Capital grants and contributions	-	-	-	3,360
Total business-type activities program revenues	528,040	596,520	686,843	542,655
Total primary government program revenues	$ 3,868,638	$ 4,883,927	$ 5,113,001	$ 7,328,590

* The Town Implemented GASB Statement No. 75 for the year ended September 30, 2018.

Table 2

2020	2021	2022	2023	2024	2025
$ 3,561,521	$ 1,381,483	$ 663,394	$ 899,894	$ 632,029	$ 786,583
-	936,032	567,704	782,210	486,130	637,629
-	-	-	-	212,947	359,901
-	-	-	-	7,662	19,339
-	280,147	205,246	278,174	357,993	420,595
-	512,144	549,792	518,064	617,969	709,384
-	647,888	543,189	673,596	598,600	613,064
-	118,756	189,141	159,807	138,548	164,976
-	49,837	258,489	92,313	250,929	140,206
5,139,151	5,616,921	6,008,021	7,076,418	7,987,904	8,455,622
-	448,538	1,455,292	1,425,387	1,501,274	1,612,171
-	317,005	396,974	653,518	382,094	514,784
-	1,057,653	-	-	-	-
50,152	-	-	-	-	-
2,593,588	2,674,646	2,864,327	3,093,727	3,132,835	3,439,518
-	-	-	-	-	-
563,312	639,321	471,539	552,382	606,080	647,895
2,052,018	2,308,861	2,315,082	2,358,623	2,762,037	2,767,537
-	-	-	-	-	-
-	-	-	-	-	-
1,639,671	1,535,312	1,278,873	1,371,710	1,406,043	500,376
15,599,413	18,524,544	17,767,063	19,935,823	21,081,074	21,789,580
93,912	126,163	144,131	176,590	284,437	299,683
229,670	125,692	169,456	127,025	135,419	102,080
323,582	251,855	313,587	303,615	419,856	401,763
$ 15,922,995	$ 18,776,399	$ 18,080,650	$ 20,239,438	$ 21,500,930	$ 22,191,343
$ -	$ 286,695	$ 321,725	$ 269,132	$ 321,820	$ 1,325,571
-	110,550	380,427	219,645	349,697	272,908
-	123,942	101,556	142,470	161,706	216,111
-	1,344,545	1,444,477	1,492,123	1,747,461	2,023,303
-	95,775	130,805	193,982	162,587	174,444
-	301,668	342,996	397,773	355,367	317,754
-	1,775	6,340	5,805	10,250	2,860
-	1,058,213	1,059,841	1,091,668	1,141,025	1,224,352
-	9,670	7,485	8,675	5,175	8,955
1,797,916	-	-	-	-	-
2,056,622	37,851	173,599	92,029	159,362	18,547
-	150,000	-	-	-	-
3,854,538	3,520,684	3,969,251	3,913,302	4,414,450	5,584,805
430,303	435,798	435,559	437,219	432,307	436,016
188,708	185,981	289,336	268,703	182,116	203,751
-	4,170	125,468	31,750	-	-
68,146	-	-	-	-	-
687,157	625,949	850,363	737,672	614,423	639,767
$ 4,541,695	$ 4,146,633	$ 4,819,614	$ 4,650,974	$ 5,028,873	$ 6,224,572

Town of Trophy Club, Texas
Changes in Net Position (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

Fiscal Year	2016	2017	2018*	2019
Net (Expense) Revenue				
Governmental activities	$ (11,271,915)	$ (10,495,371)	$ (11,188,356)	$ (10,624,368)
Business-type activities	244,216	359,748	463,444	289,099
Total primary government net (expense) revenue	$ (11,027,699)	$ (10,135,623)	$ (10,724,912)	$ (10,335,269)
General Revenues And Other Changes In Net Position				
Governmental activities				
Taxes				
Property taxes	$ 7,714,564	$ 8,269,141	$ 8,412,231	$ 8,974,426
Sales and mixed beverage taxes	1,217,693	1,306,243	1,150,073	1,271,864
Other taxes	1,255,995	1,376,352	1,486,952	1,581,721
Grants not restricted to specific programs	-	-	-	-
Investment income	65,709	146,015	259,220	512,922
Miscellaneous revenues	382,521	908,540	197,567	235,107
Special items	-	-	-	-
Gain on disposal of assets	-	-	-	-
Transfers	70,206	86,887	87,209	86,937
Total governmental activities	10,706,688	12,093,178	11,593,252	12,662,977
Business-type activities				
Investment income	914	2,087	7,258	11,818
Special items	-	-	-	-
Transfers	70,206	86,887	87,209	86,937
Total business-type activities	71,120	88,974	94,467	98,755
Total primary government	$ 10,777,808	$ 12,182,152	$ 11,687,719	$ 12,761,732
Change In Net Position				
Governmental activities	$ (565,227)	$ 1,597,807	$ 404,896	$ 2,038,609
Business-type activities	315,336	448,722	557,911	387,854
Total primary government change in net position	$ (249,891)	$ 2,046,529	$ 962,807	$ 2,426,463

*The Town implemented GASB Statement No. 75 for the year ended September 30, 2018.

2020	2021	2022	2023	2024	2025
$ (11,744,875)	$ (15,003,860)	$ (13,797,812)	$ (16,022,521)	$ (16,666,624)	$ (16,204,775)
363,575	374,094	536,776	434,057	194,567	238,004
$ (11,381,300)	$ (14,629,766)	$ (13,261,036)	$ (15,588,464)	$ (16,472,057)	$ (15,966,771)
$ 9,347,776	$ 9,940,633	$ 10,255,223	$ 11,180,838	$ 11,858,764	$ 12,588,856
1,445,994	2,035,404	2,290,748	2,358,255	2,630,932	2,912,477
1,238,302	1,261,872	1,689,864	1,838,706	1,914,590	2,047,678
-	-	-	-	-	3,073,457
183,858	72,940	244,451	1,289,627	2,095,412	1,776,159
414,384	62,904	197,903	313,150	721,499	109,483
882,082	-	-	-	-	-
-	-	-	-	-	-
262,933	(116,463)	(142,194)	(156,342)	(142,625)	(950,191)
13,775,329	13,257,290	14,535,995	16,824,234	19,078,572	21,557,919
2,711	325	8,264	64,244	85,289	88,339
-	-	-	-	150	-
262,933	116,463	142,194	156,342	142,625	950,191
265,644	116,788	150,458	220,586	228,064	1,038,530
$ 14,040,973	$ 13,374,078	$ 14,686,453	$ 17,044,820	$ 19,306,636	$ 22,596,449
$ 2,030,454	$ (1,746,570)	$ 738,183	$ 801,713	$ 2,411,948	$ 5,353,144
629,219	490,882	687,234	654,643	422,631	1,276,534
$ 2,659,673	$ (1,255,688)	$ 1,425,417	$ 1,456,356	$ 2,834,579	$ 6,629,678

Town of Trophy Club, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
General Fund				
Nonspendable	$ 54,397	$ 91,278	$ 430,977	$ 389,687
Committed	-	-	-	-
Assigned	189,475	183,858	182,718	177,130
Unassigned	3,950,290	4,335,983	4,826,823	5,256,436
Total general fund	$ 4,194,162	$ 4,611,119	$ 5,440,518	$ 5,823,253
All Other Governmental Funds				
Restricted:				
Debt Service	$ 143,174	$ 309,043	$ 262,277	$ 473,670
Capital Projects	8,764,936	6,285,515	5,764,419	3,568,072
Municipal court	39,668	37,819	37,155	30,036
Public Safety	210,189	71,259	9,886	9,886
Street Maintenance	-	92,856	29,337	92,457
Tourism	564,363	399,883	790,686	1,313,981
Parks	-	-	467,425	220,464
PID No. 1	3,869,425	3,832,851	3,882,225	3,972,188
Town Anniversary	-	-	-	-
Committed:				
Recreation programs	2,269	7,307	3,655	3,028
Unassigned	5,017	-	-	-
Total all other governmental funds	$ 13,599,041	$ 11,036,533	$ 11,247,065	$ 9,683,782

Table 3

2020	2021	2022	2023	2024	2025
$ 389,112	$ 727,449	$ 427,772	$ 435,113	$ 442,729	$ 571,292
-	-	-	-	-	-
169,592	-	-	-	-	-
6,988,719	6,876,307	7,916,625	9,981,221	12,376,571	12,423,004
$ 7,547,423	$ 7,603,756	$ 8,344,397	$ 10,416,334	$ 12,819,300	$ 12,994,296
$ 706,640	$ 4,357,220	$ 4,078,885	$ 4,289,334	$ 4,454,115	$ 697,962
1,984,646	6,199,646	4,952,458	10,606,605	10,711,565	12,757,247
32,838	36,824	44,638	61,194	84,077	108,709
9,886	284,013	290,366	267,457	322,571	495,700
184,556	302,901	436,702	426,989	508,672	669,176
1,530,643	1,726,744	2,275,553	2,722,338	3,317,903	3,925,090
385,727	536,001	350,554	407,935	632,834	656,980
3,971,196	-	-	-	-	-
-	-	-	-	-	-
5,062	7,710	21,550	21,175	28,886	44,913
-	(327,716)	(226,168)	(192,359)	-	-
$ 8,811,194	$ 13,123,343	$ 12,224,538	$ 18,610,668	$ 20,060,623	$ 19,355,777

Town of Trophy Club, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Revenues				
Taxes				
Ad valorem taxes	$ 7,724,244	$ 8,132,670	$ 8,600,999	$ 8,967,795
Sales and mixed beverage taxes	1,217,694	1,306,243	1,150,073	1,271,864
Franchise taxes	953,622	888,863	867,446	911,738
Occupancy	302,374	487,489	619,506	669,983
Special assessments	1,986,516	2,129,321	2,166,167	2,176,400
Licenses, permits & fees	598,586	333,780	614,931	499,302
Intergovernmental	26,237	581,633	608,910	724,333
Charges for services	310,735	820,530	767,237	769,962
Fines & Fees	362,409	355,504	497,078	312,267
Lease revenue	-	-	-	-
Interest revenue - leases	-	-	-	-
Investment Income	65,708	146,015	259,213	512,922
Grant revenue	7,942	-	-	-
Miscellaneous	407,418	158,540	715,535	402,894
Total revenues	13,963,485	15,340,588	16,867,095	17,219,460
Expenditures				
Current				
General government	2,349,120	2,191,140	2,404,704	3,164,364
Manager's office	-	-	-	-
Town secretary	-	-	-	-
Mayor & council	-	-	-	-
Human resources	-	-	-	-
Finance	-	-	-	-
Information services	-	-	-	-
Legal	-	-	-	-
Court	-	-	-	-
PID activities	81,793	44,984	2,850	26,875
Public safety	3,187,064	4,117,992	4,441,873	4,872,242
Facilities management	-	-	-	-
Streets	-	-	-	-
Sanitation	-	-	-	-
Public works	566,927	179,448	340,910	414,938
Community development	576,508	582,259	449,178	568,239
Culture & recreation	1,892,065	1,991,571	2,708,827	2,250,599
Debt service				
Principal	2,153,974	1,567,004	1,675,350	1,723,652
Interest and fiscal changes	3,396,480	2,630,171	2,796,835	2,811,664
Bond issuance costs	-	-	-	-
Capital outlay	3,395,509	9,146,919	1,239,065	2,860,040
Total expenditures	17,599,440	22,451,488	16,059,592	18,692,613
Excess (Deficiency) of Revenues Over Expenditures	(3,635,955)	(7,110,900)	807,503	(1,473,153)
Other Financing Sources (Uses)				
Proceeds from lease obligation	-	-	264,732	-
Proceeds from contractual obligations	4,210,000	-	-	-
Sale of general capital assets	-	-	-	-
Insurance recoveries	-	-	-	-
Proceeds from bonds	31,399,979	4,445,000	-	-
Premium on bonds	5,020,788	128,317	-	-
Payment to refunded bond escrow agent	29,734,500	-	-	-
Lease financing	-	-	-	-
Transfers in	493,947	993,250	298,457	89,937
Transfers out	423,741	906,363	63,817	3,000
Total other financing sources (uses)	71,282,955	6,472,930	627,006	92,937
Net Change in Fund Balances	$ 67,647,000	$ (637,970)	$ 1,434,509	$ (1,380,216)
Debt Service as a Percentage of Noncapital Expenditures	39.08%	31.55%	30.18%	28.65%

Table 4

2020	2021	2022	2023	2024	2025
$ 9,359,847	$ 9,941,321	$ 10,262,914	$ 11,207,851	$ 11,851,078	$ 12,587,398
1,445,994	2,035,404	2,290,748	2,358,255	2,630,932	2,912,477
850,543	869,212	908,033	1,016,222	1,029,212	1,092,187
387,759	392,660	781,831	822,484	885,378	955,491
2,187,165	2,195,144	2,263,090	2,267,110	2,275,465	2,278,454
479,513	284,500	280,222	253,027	356,502	1,162,056
2,056,622	1,365,324	1,601,656	1,567,063	1,890,204	5,097,468
296,947	1,431,343	1,484,550	1,524,037	1,661,781	1,701,850
132,877	337,123	618,956	432,505	505,963	577,638
-	-	83,834	107,834	105,010	108,420
-	-	24,288	20,188	15,712	10,831
183,858	72,940	244,451	1,289,627	2,095,412	1,776,159
-	-	-	-	-	-
386,615	212,904	66,440	216,732	603,864	109,483
17,767,740	19,137,875	20,911,013	23,082,935	25,906,513	30,369,912
2,584,454	973,869	270,272	383,218	234,849	289,938
-	973,427	620,172	758,661	473,438	624,567
-	-	-	-	208,835	330,004
-	-	-	-	7,662	19,339
-	287,521	216,058	268,107	351,267	408,262
-	528,002	583,304	504,727	608,058	686,435
-	595,432	492,761	641,317	572,452	579,895
-	118,756	189,141	159,807	138,548	164,976
-	51,347	258,489	92,313	250,929	140,206
50,152	-	-	-	-	-
4,977,216	5,616,394	6,162,615	6,547,801	7,531,929	7,787,639
-	450,853	1,460,399	1,425,314	1,501,274	1,612,171
-	319,943	402,212	644,687	376,841	514,784
-	1,057,653	-	-	-	-
388,419	204,633	207,684	231,437	617,296	563,151
491,941	654,107	490,655	524,674	578,444	611,520
2,380,448	1,922,721	2,138,251	2,308,047	2,421,914	2,680,746
3,081,206	3,408,000	3,582,199	3,397,255	3,550,451	8,543,597
1,614,385	1,452,214	1,396,045	1,479,107	1,518,583	658,520
-	-	-	-	-	572,222
1,735,016	508,748	2,647,445	2,325,253	976,471	4,701,011
17,303,237	19,123,620	21,117,702	21,691,725	21,919,241	31,488,983
464,503	14,255	(206,689)	1,391,210	3,987,272	(1,119,071)
-	-	-	-	-	-
-	-	-	-	-	-
32,213	-	60,142	54,208	8,274	3,626
27,769	-	-	-	-	-
3,550,000	4,305,000	-	6,925,000	-	12,905,000
-	297,691	-	257,608	-	411,130
3,485,838	-	-	-	-	12,730,535
-	-	90,577	26,383	-	-
264,433	686,235	266,609	246,754	406,987	2,889,576
1,500	(802,698)	(408,803)	(403,096)	(549,612)	(2,889,576)
7,361,753	4,486,228	8,525	7,106,857	(134,351)	26,050,291
$ 7,826,256	$ 4,500,483	$ (198,164)	$ 8,498,067	$ 3,852,921	$ 24,931,220
30.16%	26.11%	26.95%	25.18%	24.20%	34.35%

Town of Trophy Club, Texas **Table 5**
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Non Real Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	$ 1,618,577,881	$ 28,301,916	$ 68,622,814	$ 1,578,256,983	$ 0.48400
2017	1,816,191,857	29,805,970	73,301,474	1,772,696,353	0.47300
2018	1,986,456,291	32,335,529	83,492,349	1,935,299,471	0.45144
2019	2,146,374,412	34,488,137	79,947,523	2,100,915,026	0.44644
2020	2,245,060,094	34,337,805	173,637,626	2,105,760,273	0.44644
2021	2,571,479,079	41,659,656	210,421,213	2,402,717,522	0.44644
2022	2,732,597,188	30,337,600	213,411,764	2,549,523,024	0.44500
2023	3,069,209,272	29,159,280	220,375,646	2,877,992,906	0.41547
2024	3,275,722,564	32,074,104	230,181,814	3,077,614,854	0.41547
2025	3,872,852,947	36,289,255	269,441,217	3,639,700,985	0.41547

Source: Denton & Tarrant County Central Appraisal District Certified Roll

Note: Total Taxable Assessed Value is not adjusted for tax ceilings.

Town of Trophy Club, Texas
Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	Town of Trophy Club			Overlapping Rates			
Fiscal Year	Operating Mileage	Debt Service Mileage	Total Town Mileage	Northwest ISD	Trophy Club MUD #1	Trophy Club MUD #2	Denton County
2016	$ 0.374000	$ 0.110000	$ 0.484000	$ 1.452500	$ 0.131140	$ -	$ 0.262000
2017	0.363000	0.110000	0.473000	1.452500	0.127220	-	0.248409
2018	0.341442	0.110000	0.451442	1.490000	0.120210	-	0.237181
2019	0.336442	0.110000	0.446442	1.490000	0.116180	-	0.225574
2020	0.336442	0.110000	0.446442	1.420000	0.112730	-	0.225278
2021	0.336442	0.110000	0.446442	1.420000	0.105880	-	0.224985
2022	0.335000	0.099799	0.434799	1.292000	0.091340	-	0.233086
2023	0.315670	0.099799	0.415469	1.274600	0.063810	-	0.189485
2024	0.315670	0.099799	0.415469	1.087900	0.062500	-	0.187869
2025	0.316042	0.099427	0.415469	1.084100	0.068140	-	0.185938

Source: Denton & Tarrant County Appraisal Districts

Overlapping Rates							Total
Trophy Club PID #1 ESD	Tarrant County	Tarrant County College	Tarrant County Hospital	Total MUD #1 Mileage	Total MUD #2 Mileage	Total PID #1 ESD Mileage	Direct & Overlapping Rates
$ 0.072220	$ 0.264000	$ 0.149500	$ 0.227897	$ 2.925360	N/A	$ 2.380720	$ 3.043257
0.074450	0.254000	0.144730	0.227897	2.884309	N/A	2.358359	3.002206
0.068700	0.244000	0.140060	0.224429	2.861593	N/A	2.357323	2.976022
0.067190	0.234000	0.136070	0.224429	2.825456	N/A	2.339206	2.939885
0.067380	0.234000	0.130170	0.224429	2.204450	N/A	2.269100	2.860429
0.064760	0.229000	0.130170	0.224429	2.197307	N/A	2.266187	2.845666
0.064180	0.224000	0.130170	0.229000	2.051225	N/A	2.123864	2.698575
0.056250	0.194500	0.112170	0.194500	1.943364	N/A	2.035603	2.500784
0.051860	0.187500	0.112280	0.182500	1.753738	N/A	1.842397	2.287878
-	0.186200	0.112280	0.165000	1.751042	N/A	1.786002	2.217127

Town of Trophy Club, Texas
Principal Property Taxpayers
Current Year and Ten Years Ago (Unaudited)

Table 7

Taxpayer	2025 Taxable Assessed Value	2025 Rank	2025 Percentage of Total Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 Percentage of Total Taxable Assessed Value
NAP Trophy Club LP	$ 66,484,096	1	2.31%	$ -	n/a	-%
Armore Trophy Club LLC	29,078,216	2	1.01%	10,090,000	4	0.83%
KAGR Trophy Club 2800 LLC	19,700,000	3	0.68%	-	n/a	-%
TC Town Center 1 LP	19,000,000	4	0.66%	-	n/a	-%
Trophy Club 18 LLC	18,391,053	5	0.64%	-	n/a	-%
Quasar Hotels LLC	11,561,751	6	0.40%	-	n/a	-%
Trophy Club Medical Center LP	10,510,915	7	0.37%	5,854,660	8	0.48%
4663 Okeechobee Blvd. & Palm Beach Holdings	8,855,500	8	0.31%	5,393,413	10	0.44%
Armore II - Quorum LLC	8,600,000	9	0.30%	-	n/a	-%
Onctor Electric Delivery Co	8,534,080	10	0.30%	6,547,680	6	0.54%
Hydra Hotels LLC	-	n/a	-%	6,250,000	7	0.51%
Trophy Club 12 LLC	-	n/a	-%	14,500,000	2	1.19%
First Texas Homes INC	-	n/a	-%	6,792,937	5	0.56%
Lennar Homes of Texas Land & Construction LTD	-	n/a	-%	5,474,193	9	0.45%
Trophy Club Equities	-	n/a	-%	10,759,326	3	0.89%
HCP CRSI Trophy Club TX LP	-	n/a	-%	18,000,000	1	1.48%
Totals	$ 200,715,611		6.98%	$ 89,662,209		7.37%

Source: Denton and Tarrant County Central Appraisal District

Town of Trophy Club, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years (Unaudited) **Table 8**

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	$ 7,477,394	$ 7,456,542	99.72%	$ 13,166	$ 7,469,708	99.90%
2017	8,188,616	8,153,915	99.58%	10,781	8,164,696	99.71%
2018	8,627,946	8,614,737	99.85%	2,176	8,616,913	99.87%
2019	9,027,118	8,992,174	99.61%	34,943	9,027,117	100.00%
2020	9,504,473	9,400,652	98.91%	21,969	9,422,621	99.14%
2021	9,835,286	9,785,993	99.50%	24,299	9,810,292	99.75%
2022	10,263,591	10,247,041	99.84%	(11,060)	10,235,981	99.73%
2023	11,139,198	11,121,834	99.84%	28,534	11,150,368	100.10%
2024	11,879,516	11,863,572	99.87%	(21,151)	11,842,421	99.69%
2025	12,612,775	12,587,610	99.80%	-	12,587,610	99.80%

Source: Denton County Tax Assessor Collector

Town of Trophy Club, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Certificates of Obligation	Governmental Activities: Special Assessment Bonds	Governmental Activities: Premium	Governmental Activities: Leases	Business-Type Activities: Certificates of Obligation	Business-Type Activities: Premium	Total Primary Government	Percentage of Personal Income (1)	Per Capita
2016	$ 12,375,000	$ 7,961,000	$ 25,710,479	$ 4,916,763	$ -	$ 1,275,000	$ 30,200	$ 52,268,442	9.35%	$ 4,200
2017	11,450,000	12,068,000	25,406,475	4,754,458	-	1,130,000	25,779	54,834,712	9.26%	4,234
2018	10,640,000	11,415,000	25,285,577	4,457,420	173,280	980,000	21,358	52,972,635	8.06%	3,828
2019	9,805,000	10,637,000	25,260,000	4,160,382	88,205	825,000	16,939	50,792,526	7.94%	4,106
2020	9,005,000	9,789,000	23,985,000	3,872,927	-	670,000	12,522	47,334,449	6.98%	3,802
2021	7,500,000	13,206,000	22,800,000	3,798,808	-	-	8,504	47,313,312	7.04%	3,557
2022	6,595,000	12,298,000	21,245,000	3,482,143	99,617	345,000	4,486	44,069,246	6.10%	3,206
2023	5,890,000	18,040,000	19,776,000	3,423,086	85,745	175,000	468	47,390,299	5.60%	3,423
2024	5,165,000	16,800,000	18,227,000	3,093,541	49,294	-	-	43,334,835	4.62%	2,941
2025	4,425,000	15,255,000	12,905,000	1,212,668	11,995	-	-	33,809,663	3.44%	2,467

(1) Personal Income and population found on Table 15 of the Statistical Section

Town of Trophy Club, Texas **Table 10**
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Special Assessment Bonds	Unamortized Premiums	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2016	$ 12,375,000	$ 7,961,000	$ 25,710,479	4,916,763	1.29%	$ 1,634
2017	11,450,000	12,068,000	25,406,475	4,754,458	1.33%	1,890
2018	10,640,000	11,415,000	25,285,577	4,457,420	1.14%	1,594
2019	9,805,000	10,637,000	25,260,000	4,160,382	0.97%	1,653
2020	9,005,000	9,789,000	23,985,000	3,872,927	0.89%	1,509
2021	7,500,000	13,206,000	22,800,000	3,798,808	0.86%	1,557
2022	6,595,000	12,298,000	21,245,000	3,482,143	0.74%	1,375
2023	5,890,000	18,040,000	19,776,000	3,423,086	0.83%	1,729
2024	5,165,000	16,800,000	18,227,000	3,093,541	0.71%	1,607
2025	4,425,000	15,255,000	12,905,000	1,212,668	0.57%	1,436

(1) Property values are from Table 5 .

(2) Populations are from Table 12.

Town of Trophy Club, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025 (Unaudited) **Table 11**

Governmental Unit	Debt Principal Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton County	$ 758,115,000	1.59%	$ 12,020,175
Northwest Independent School District	2,938,458,729	7.78%	228,756,882
Tarrant County	314,050,000	0.06%	180,065
Tarrant County College District	547,535,000	0.07%	383,275
Tarrant County Hospital District	431,255,000	0.06%	247,266
Trophy Club MUD #1	3,875,000	0.82%	31,684
Subtotal, overlapping debt	4,993,288,729		241,619,347
Town of Trophy Club, direct debt	33,809,663	100.00%	33,809,663
Total direct and overlapping debt principal	$ 5,027,098,392		$ 275,429,010

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Trophy Club. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Most recent Texas Municipal Reports (TMR) published by the Municipal Advisory Council of Texas.

Town of Trophy Club, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years (Unaudited) **Table 12**

Fiscal Year	Special Assessment Bonds: Special Assessment Collections	Special Assessment Bonds: Annual Requirement (1)	Times Coverage
2020	$ 2,187,165	$ 2,180,573	1.00
2021	2,195,144	2,220,073	0.99
2022	2,263,090	2,249,922	1.01
2023	2,267,110	2,283,923	0.99
2024	2,275,465	2,319,852	0.98
2025	2,278,454	2,369,256	0.96

Note: (1) Includes Principal and Interest

Special assessment bonds pledged-revenue coverage presented starting with fiscal year 2020.

Town of Trophy Club, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years (Unaudited) **Table 13**

Year	Estimated Population (1)	Total Households (1)	Median Household Income (2)	Total Personal Income	Unemployment Rate (3)
2016	12,446	4,342	$ 128,750	$ 559,032,500	3.66
2017	12,950	4,435	133,457	591,881,795	3.38
2018	13,838	4,723	139,156	657,233,788	3.40
2019	12,369	4,490	142,483	639,748,670	3.10
2020	12,451	4,600	147,477	678,394,200	3.10
2021	13,301	4,555	147,477	671,757,735	6.60
2022	13,745	4,234	170,679	722,654,886	3.80
2023	13,843	4,625	183,125	846,953,125	5.60
2024	13,666	4,864	193,026	938,878,464	3.90
2025	13,704	4,891	201,054	983,355,114	3.90

Sources: (1) Estimated population using residential water connections

(2) United States Census Bureau

(3) Federal Bank of St. Louis Economic Research; Denton and Tarrant Counties' data averaged 2018.

Town of Trophy Club, Texas
Principal Employers
Current Year and Ten Years Ago (Unaudited)

	2025	
Employer	**Employees**	**Percentage of Total Town Employment**
Northwest Independent School District	393	5.61%
Baylor Medical Center at Trophy Club	230	2.92%
Trophy Club Country Club	205	3.28%
Tom Thumb	202	2.88%
Town of Trophy Club*	108	1.54%
HG Sply Co.	100	1.43%
Hutchins	100	1.43%
Fellowship United Methodist Church	39	0.56%
The Church at Trophy Lakes	30	0.43%
Trophy Lakes Academy	25	0.36%
Total	1,432	20.44%

(*) Includes Full Time, Part Time, and Seasonal

	2016	
Employer	Employees	Percentage of Total Town Employment
Northwest Independent School District	418	27.87%
Baylor Medical Center at Trophy Club	230	15.33%
Trophy Club Country Club	220	14.67%
Town of Trophy Club	190	12.67%
Tom Thumb	127	8.47%
Bread Winners Cafe	72	4.80%
Fellowship United Methodist Church	51	3.40%
Premier Academy - Trophy Club	42	2.80%
Trophy Lake Academy	41	2.73%
Cristina's Mexican Restaurant	28	1.87%
Total	1,419	94.61%

Town of Trophy Club, Texas
Full-time Equivalent Town Government Employees
By Function/Program
Last Ten Fiscal Years (Unaudited) **Table 15**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government and Administration	14	13	14	14	13	12	12	14	12	11
Public Safety	33	33	34	41	41	38	42	43	46	43
Streets	4	4	2	3	3	3	3	3	3	3
Parks and Recreation	17	16	17	14	14	16	14	17	19	17
Community Development	6	6	6	5	4	4	3	4	4	4
Total	74	72	73	77	75	73	74	81	84	78

Source: Departmental records

Town of Trophy Club, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years (Unaudited) **Table 16**

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety										
Police										
Number of stations	1	1	2	2	1	1	1	1	1	1
Number of police personnel	25	26	26	24	25	23	26	26	27	27
Number of arrests	145	148	130	275	157	158	47	141	144	170
Number of traffic stops	3,635	2,922	4,262	5,397	3,106	3,206	2,987	5,312	7,033	7,202
Fire										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of fire personnel	16	17	18	17	17	18	19	19	18	18
Number of calls answered	898	868	858	871	965	981	1,061	944	953	986
Developmental										
Miles of streets	43	43	43	52	52	52	52	52	52	52
Parks/Recreational Changes										
Parks	6	6	6	6	6	6	6	6	6	6
Park acreage	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	929	929

Source: Departmental records

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